



EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

THE EIGHTIES

Iconoclasts at work

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No.31,033 FINANCIAL TIMES 1989

Wednesday December 27 1989

D 8523A

## World News

### Gorbachev agrees to head mission to Lithuania

Mikhail Gorbachev, the Soviet leader, postponed a potentially disastrous split in his ruling Communist Party by agreeing to lead a top-level mission to the Baltic republic of Lithuania to head off its threatened secession. Page 12

### Samuel Beckett dies

Samuel Beckett, the Irish novelist and playwright, died on Friday at the age of 83 and was buried in Paris. Page 12

### Lebanon attacked

Israeli forces struck deep into Lebanon in two separate raids which the military said were aimed against Lebanese Communist Party bases involved in launching attacks on Israeli troops and their local allies in Southern Lebanon. Page 12

### Chinese dismissed

Zhu Houze, a senior Chinese trade union official linked to liberal policies, has been removed from his post. Page 2

### Chun faces charges

Former South Korean President Chun Doo-hwan will testify before the National Assembly soon on charges of misconduct, corruption and human rights abuses stemming from his seven-year rule. Page 2

### Blind at Exxon plant

A fire at the second largest oil refinery in the US has been brought under control 15 hours after a massive explosion crippled the Exxon plant and killed one worker. Page 2

### Israeli budget

The Israeli Government has earmarked \$500m shekels (\$356m) in the next financial year to cope with an anticipated wave of immigration by Soviet Jews. Page 2

### Poland signs loan

Poland has signed a crucial loan package with the IMF that will help it switch to a western free-market style economy. Page 3

### Britain lags behind

British defence companies lag behind their competitors in developing the alternative products needed to preserve jobs in the face of political change in east Europe, a trade union leader said. Page 6

### House market slump

The sluggish UK housing market is set for a further slump next year, but should experience a modest recovery in 1992, according to the Halifax Building Society, Britain's biggest home mortgage finance organisation. Page 8

### Arabs attacked

Axe-wielding Palestinians set fire to an Israeli bus taking Arab workers from the occupied West Bank to jobs in Israel but all 50 passengers escaped without injury, the driver said. Page 16

### History rethink

East Germany has scrapped school history books glorifying its disgraced former Socialist leaders and is completely rethinking the teaching of history, the official ADN news agency said. Page 17

### Czech prison unrest

Unrest has spread among inmates at three Czechoslovak prisons demanding an amnesty and improved conditions, according to a report on Czechoslovakian radio. Page 16

### US condemned

Marxist Angola condemned the US invasion of Panama and called on Washington to pull its troops out of the Central American country. Page 17

### Rebels gain ground

Rebels in northern Ethiopia said they killed, wounded or captured 1,000 government troops when they seized the towns of Rabel and Mehal Media in Shoa province. Page 16

### Before hopeful

Swedish arms company Bofors said it remained hopeful it would win a major new contract from India despite the New Delhi government's threat to bar the company from further defence deals. Page 18

### Sydney drugs find

An American tourist and his Australian companion appeared in court in Sydney after customs officers found them wearing girdles holding 7,500 tablets of the drug Ecstasy, with an estimated street value of \$20,000. Page 18

## Business Summary

### Japanese central bank lifts discount rate to 4.25%

Japanese bankers, businessmen and investors welcomed the Bank of Japan's decision to raise the Official Discount Rate by 0.5 percentage points to 4.25 per cent ending uncertainty about the key monetary policy instrument. Page 12

### CAMPRAU: many of the retailing empire's US apparel suppliers and wholesale merchants said they would suspend shipments of goods after the company's announcement on Friday that Citibank, its lead banker, had threatened to call a technical default on \$2.3bn of debt. Page 15

### FRENCH current account deficit reached a seasonally adjusted FF28.6bn (\$1.45bn) in the third quarter, an improvement on the FF27.7bn shortfall in the previous three months, according to Finance Ministry estimates. Page 2

### KUWAIT pledged investment in China following a visit to the Gulf State by Chinese President Yang Shangkun. Page 2

### OECD's Japan report: OECD warned of disruptions of international financial markets, similar to Black Monday in October 1987, could occur unless Japan continued to reduce its current account surpluses. Page 4

### BRITISH car market, which was buoyant through 1989, will slow down next year as the squeeze on consumer spending and high interest rates increase consumer caution, a trade society said. Page 4

### JAPANESE budget: government ministers are to meet today to discuss revisions to the draft of the 1990-91 budget, designed to maintain the country's growth without over-stimulating the economy. Page 4

### ROVER Group, car making subsidiary of British Aerospace, is to strengthen links with schools in a bid to encourage youngsters to go into engineering. Page 4

### BRITISH Petroleum cancelled the sale of its remaining US coal assets six months after putting them on the market as part of a worldwide divestment exercise. Page 16

### BOIKING of the US plans to lay off about 1,200 workers despite orders for \$50bn of its airlines and the very latest, stretching into the mid-1990s. Page 15

### BANCO Santander, Spain's largest bank, said its shares were likely to start trading in Tokyo at the end of January after the Tokyo Stock Exchange approved the first listing of a Spanish bank in Japan. Page 15

### FUTURES Markets: Foreign involvement in Japanese stock index futures contracts should grow next year from its current level of 2 per cent, according to a report. Page 16

### ANTAH Overseas Holdings, part of a Canadian investment group, is taking a 32.5 per cent stake in Unigroup, a UK timber, building products and clothing company. Page 17

### DWYER, the property investment and dealing company, reported a 55 per cent increase from £2.1m (\$3.4m) to £3.24m in pre-tax profits in the year to September 30. Page 17

### PACIFIC, Alean Alumina and Maclean Hunter, the communications group, joined a parade of Canadian companies seeking to protect themselves from creeping takeovers and predators. Page 16

### ROYAL Bank of Scotland Group agreed to sell 76 per cent of AT Maya, its travel agency subsidiary, to Carlson, one of the largest travel companies in the US. Page 17

### SKANDINAVISKA Enskilda Banken signed the European portion of a \$2.5bn Euro-commercial paper programme. The US portion was signed earlier this year. Page 16

### US computer industry, already battered by intensifying overseas competition and rapidly changing technology, is now at the mercy of a slowing domestic economy and lower capital spending. Page 18

### NISSHO Iwai, big Japanese trading company, bought zinc and titanium mines in Australia for A\$240m (\$190m). Page 15

### NORTH SEA: drilling for oil and gas in the UK sector of the North Sea is expected to reach record levels in 1990, a review published by James Capel, London stockbrokers, said. Page 4

## Romania swears in new Communist Government

By John Lloyd and Judy Dempsey in Bucharest and Quentin Peel in Moscow

A COMMUNIST-dominated provisional Government for Romania was sworn in yesterday less than 24 hours after President Nicolae Ceausescu and his wife, Elena, were executed by an army firing squad. Almost immediately the new administration received the blessing of President Mikhail Gorbachev, the Soviet leader, who congratulated the new leader, Mr Ion Iliescu, on his election as chairman of the National Salvation Front.

The message said that Mr Iliescu "took charge of the country at a difficult moment, when Romanian patriots resolutely came out to save the nation from forces of despotism and terror."

However, the first signs of tension are already appearing in the alliance between military and political leaders who combined to overthrow the Ceausescu dynasty. Protesters in Bucharest yesterday rejected Mr Iliescu's appointment to head the Government, and a string of other Communist leaders were criticised as leading members of the administration. A large crowd which had gathered in Palace Square in front of the party headquarters, yesterday condemned the Government, chanting: "No more communism, down with the Communist Party."

Romanian television yesterday broadcast pictures of the bodies of President and Mrs Ceausescu, reportedly filmed moments after they were executed by a firing squad. The couple were shown on television being tried for conducting genocide against the Romanian people.

Several countries were quick to criticise the new Government for executing the Ceausescus without a public trial, and said that Romania should live by the rule of law. The strongest criticism came from the US Administration which said that it regretted that the trial "did not take place in an open and public fashion."

According to Romanian radio and other sources, the Securitate forces loyal to President Ceausescu, were surrendering en masse yesterday, apparently convinced of their defeat by news of the executions.

However, sporadic gunfire still rang through parts of the capital. Other reports, Page 3; Editorial Comment, Page 10; Romania's new revolution, Page 10



New leadership confers: President Ion Iliescu makes a call during a meeting with colleagues including Prime Minister Petre Roman (right). The 52-year-old Iliescu, who knew Soviet President Mikhail Gorbachev during student days in Moscow, had been demoted from his post of Communist Party Central Committee Secretary and placed under police surveillance after criticising the Ceausescu regime. He was spokesman for the National Salvation Front, which has been acting as the Romanian government since the collapse of Ceausescu's rule.

## The Ceausescus were tried according to 'their law'

By John Lloyd

THE trial and execution of Nicolae and Elena Ceausescu were described yesterday by a small group of reporters by Captain Michael Lupoi, a member of the original 51-strong Committee of National Salvation.

The captain, standing in the ruins of the former President's rooms in the Central Committee building, smiled and laughed often as he talked about the Ceausescus' end. There seemed little doubt from the details he gave that he had been witness to much of what he described.

The Ceausescus were captured on Christmas Day, 60 miles from Bucharest, according to Capt Lupoi, after the helicopter in which they had fled was forced to land. With them was General Nuta, described by Capt Lupoi as a chief of police. The general, who was taken away separately by helicopter, was reported by the captain to have died when the helicopter

was shot down by its own side.

The Ceausescus were taken by road to an army base which the captain would not name and almost immediately put before a specially convened military tribunal; they were tried according to the law. "Their law," said Capt Lupoi, laughing.

Both were offered defence lawyers which both refused. The ex-President demanded that they be tried before the National Assembly because he did not recognise the competence of the court. They were placed in a makeshift dock created by pushing the ends of two formica-topped tables together in a V; both kept their outward composure throughout, occasionally addressing a remark to each other.

The charges, which included genocide, adding away \$1bn in Swiss bank accounts and causing the economic and cultural ruin of their country, were read. The trial lasted two hours.

The sentence - never in doubt - was death by shooting. According to Capt Lupoi there was a competition among the soldiers to make up the firing squad when the death sentence was pronounced. It was at this moment that Elena Ceausescu said: "But I have been a mother to you!" To which a soldier retorted: "You have been a mother who killed her brothers."

Their last wish was to die together: a wish which was granted. They were put against a wall and shot by an officer and two soldiers at gun on Christmas Day; their bodies, lying crookedly against the wall, were videoed and that video was broadcast yesterday afternoon on Romanian television.

That, it seems, after the flurry of false reports of arrest and escape and arrest again, really was the end.

## Daiwa told to suspend corporate business for two days

By Robert Thomson in Tokyo

JAPAN'S Ministry of Finance yesterday ordered Daiwa Securities, the country's second largest stockbroker, to suspend business for two days in its corporate customer division, which is at the centre of allegations that the company secretly compensated favoured customers for stock trading losses of more than ¥10bn (\$70m).

The ministry also demanded that the company review its management structure and not raise new capital for a short but unspecified period.

Daiwa said four employees would resign, 12 executives would take a 10 per cent pay cut for between three months and a year and 38 senior officials would not receive their scheduled end-of-fiscal-year bonus in March.

The broker has admitted covering the losses incurred in 1978-80 by about 20 corporate clients and that the losses were disguised by a complex arrangement in which shares were sold through an unlisted subsidiary. The ministry had requested that the company correct financial statements for 1988 to reflect the losses.

The company formally apologised for causing a negative social impact, although it is believed that the Ministry of Finance could not prove that the company had made a pledge of loss-compensation in advance of the clients' share purchases - a pledge that would have violated Article 50 of the Japanese Securities and Exchange Law. Daiwa has insisted that it did not give advance guarantees to the customers.

The case has embarrassed Japanese financial authorities, which are conscious of the country's image as an international financial centre.

Foreign brokers have suggested that, while the Daiwa case involves allegations that are several years old, the company is probably not the only Japanese broker to have engaged in such transactions.

Daiwa executives said yesterday that they would attempt to ensure that similar practices would not recur. The company said the timing and form of the suspension, which will affect the investment services and corporate finance departments, had not been decided, although it is likely to take place next

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Noriega: seeking asylum

## US seeks to freeze assets held by Noriega

By Tim Coone in Panama City and Nancy Dunne in Washington

The US will today ask other nations to freeze the assets of General Manuel Noriega, Panama's ousted dictator, who has taken refuge in the Vatican mission in Panama City.

"We will be taking steps tomorrow to freeze Noriega's bank accounts in a number of foreign countries," said Mr David Runkel, a spokesman for the US Justice Department.

He estimated that Noriega, who is wanted in the US on drug-trafficking charges, took more than \$10m in drug-related proceeds out of Panama.

Mr Runkel said legal papers would be filed today in at least six - but fewer than 12 - foreign nations, seeking a freeze on Gen Noriega's assets. "We will be on their doorsteps in the morning," he said. He declined to name any of the nations, though he said most were European.

General Noriega sought asylum at the embassy of the Papal Nuncio in Panama City on Christmas Eve, as organised resistance by regular Panamanian troops to the US invasion gradually collapsed.

Monsignor Juan Sebastian Laboa, the Papal Nuncio, said over the weekend that Gen Noriega would not be surrendered to the US Government, and an embarrassing stand-off has developed. The nuncio has been ringed with US troops and armoured cars.

General Noriega has requested political asylum in Spain and Cuba, but Spanish diplomats in Panama have ruled out their country as a place of exile for the ousted leader. The Peruvian government offered him asylum.

Cuba has indicated that it Continued on Page 12  
Analysis, Page 2

## Vauxhall looks set for record 65% profits growth in 1989

By Kevin Done, Motor Industry Correspondent, in London

VAUXHALL, the British motor manufacturer and subsidiary of General Motors of the US, is expected to report a net profit of £151.9m last year, a 65 per cent increase on the £92.1m of 1988.

Vauxhall's net profit is understood to have increased to more than £200m from £151.9m last year. It has achieved record profits and has been the fastest-growing leading car maker in the UK new car market.

The company's financial performance has been transformed in the last three years, after two decades of almost continuous losses. It will pay corporation tax for 1989 for the first time in 20 years.

In 1989 to 1991, Vauxhall managed a marginal net profit in only two years, 1971 and 1978. From 1979 to 1988 the company ran up accumulated losses of £280.3m.

Following a drastic reduction in its operations since the late 1970s and helped by a

buoyant UK car market, the company returned to profit in 1987 with a net income of £151.9m. It has a net profit of £151.9m last year.

In the two years 1987-88, Vauxhall made more profit than in its entire previous history since it was taken over by GM in 1925.

The company's turnaround, combined with the readiness of its workforce at Ellesmere Port, north-west England, to accept a far-reaching package of labour reforms, means that Vauxhall's Merseyside site is also emerging as the leading candidate for GM's next big European investment project, a £150m engine plant.

GM Europe's increasing sourcing of components from the UK - it has transferred about £450m of business to UK suppliers in the three years 1986-88 - has been one of the factors behind Vauxhall's improving profitability, and the siting of a large components plant in the UK would accelerate this process.

Vauxhall officials expect a decision in the first quarter of 1990. Ellesmere Port has been chosen for the project with GM's Kerslake plant in West Germany.

Vauxhall has enjoyed a record year in 1989 and has succeeded for the first time in ousting Rover from second place in the UK car market.

It increased its car sales volume by 16.7 per cent to 335,646 in the first 11 months compared with a 4.3 per cent increase in the overall market. In November, the Vauxhall Cavalier emerged as the single best-selling model in the UK.

Vauxhall is expected to have sold nearly 350,000 cars in the UK this year - a record level - compared with the 303,555 last year. It is aiming to achieve a "marginal" increase in UK car sales in 1990.

UK car makers fear slowdown, Page 4

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Stretching the limits to make a merger work



"We wanted to build a brand new company," explains Bob Bauman (left), manager of a demanding, round-the-clock effort to reorganise Smith-Kline Beecham, the drugs and consumer products giant formed in July. Page 8

Japan's Big domestic market, not barriers; keeps imports low

UK Civil Services Companies House risks shake-up

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ROMANIA

SECURITATE

Diehards slip away as army fans out

By Judy Dempsey

AFTER days of shooting and the loss of several thousands of lives the Romanian army is slowly asserting its grip on the country. But the victory is far from over.

For the time being, the army, helped by civilian armed revolutionary committees, has set up road blocks and security checks throughout the country.

Members of the Securitate, the dreaded and reviled secret police, have already given themselves up in some cities, such as Iasi in the east of the country. As a result, some Romanians are optimistic, but others remain sceptical.

After 25 years of intense training and indoctrination, the Securitate will remain a force for many more months. No official figures are available as to how many members have given themselves up or have been killed in the fierce street fighting and nobody knows how many cells actually remain.

Mr Ion Vlad, chief of the Securitate, who moved over to the National Council of Salvation, was asked at the weekend by Romanian television how the Securitate was organised. He shrugged his shoulders and said he did not know.

But it is now emerging that the Securitate was divided into four anti-terrorist units. One of them was under Mr Nicolae Ceausescu, the other under his wife, Elena, and one under his son, Nicu. The other unit was a highly-trained force consisting of around 40,000 men, many of whom were brought up in combat.

In addition, the organisation still retains a vast network of underground passages and safe houses. An engineer who once worked on the monumental Palace of the Republic, Mr Ceausescu's gift to the people to remind them of his immortality, said the palace was specially designed to allow escape routes for the Securitate.

In addition, the Securitate still retains a vast network of underground passages and safe houses.

The fact remains that, several hours after Romanian television broadcast the execution of the Ceausescus, snipers were still shooting close to my hotel. "They have not yet been defeated," said a young hotel assistant.

And not only in Bucharest, the nerve-centre of the revolution, does the Securitate still operate. Beyond Bucharest, the other centres are in Timisoara, a short drive from the Yugoslav border; in Arad, just south of the Hungarian border; in Cluj, the centre of the Hungarian minority; and in Brasov.

The citizens of Timisoara have been exposed to repeated gunfire and snipers. In the morning and evening, snipers recur late in the evening. In Arad, the secret police seem to have gone into hiding. In Cluj, however, the fierce fighting which erupted last Thursday night has quietened down.

That the people, numbering some 200,000 ethnic German minority, is suspiciously quiet.

It was here, in November 1987, that the Securitate murdered scores of workers who had demonstrated against the Ceausescu regime. Since then, and up to last weekend, the city had been run like a mini-police state.

The point about these four centres is that they are strategically located near border crossing points or else in the mountains, crucial hide-outs for the secret police.

Furthermore, even if the army today has almost full control of the country, tomorrow, next week or even next month, these people, numbering with the crowd, may suddenly emerge to drop a grenade in a packed church, just as one Securitate officer tried to do at the weekend at an Orthodox church in Bucharest.

There is one other question sceptical Romanians are asking. When I asked a Romanian diplomat based in Vienna whether a Securitate cell was still in the embassy, he replied: "The day Ceausescu was lifted out on the helicopter, they disappeared. We do not know where."

East European defence attaches in Bucharest firmly believe that Securitate members who are based abroad, not only in embassies but in foreign trade organisations, Tarom (the national airline), the tourist agencies and its own intelligence units abroad, are all now waiting.

True, their leader has been killed, no longer issuing orders from his underground bunker. But even had Mr Ceausescu died a natural death, it is becoming increasingly clear that the Securitate would have fought on.

THE FUTURE

Quartet of leaders faces task of reconstruction

By Judy Dempsey in Bucharest

ROMANIA'S provisional Government faces the uphill task of rebuilding the country after a quarter century of economic, social and political neglect. But its immediate short-term aim will be to restore order as quickly as possible.

This was the message spelt out by the Council for National Salvation, which was set up after Mr Nicolae Ceausescu was ousted from power on Friday. The Government rests on three planks: members of the Romanian Communist Party, a cross section of the country's tiny dissident community who for years have suffered under the Ceausescu regime, and the army.

But probably the most respected man is Mr Ion Iliescu, who now heads the Council for National Salvation. Born in 1926, he is the son of a Communist, who was a member of the illegal Communist movement before the Second World War.

He quickly rose to be chairman of the Romanian students' association, and later secretary of the central committee of the Union of Romanian Working Youth from 1955 to 1960.

His career remained unremarked during the 1960s when, after working for several years in the central committee, he was appointed first secretary of the Young Communist League and later was made Minister of Youth in 1967.

This was the time when Mr Ceausescu, who had been in power for two years, embarked on a cautious and short-lived programme of liberalisation aimed at wooing the population, particularly the intellectuals.

During that period, which lasted until about 1971, Mr Iliescu continued to climb up the party ranks, becoming central committee secretary for propaganda and education from February until July 1971.

By then, the "thaw" was over. But despite this, Mr Iliescu managed to survive, becoming first secretary of the party organisation in Iasi, an important university centre in the east of the country.

He was even appointed a non-voting member of the powerful political executive committee (the equivalent of the politburo) in 1974, later becoming a member of the state council in 1979.

It was then that he started to break ranks with the party's unwavering loyalty to Mr Ceausescu. After he returned from the Soviet republic of Moldavia, he was demoted to chairman of the National Water Council, during which time he wrote numerous articles implicitly criticising the country's environmental



peasants' party. His final fall from power came in 1987, when unexpectedly and to the surprise of his colleagues, he managed to publish in Romania Libera, the weekly publication of the Romanian writers' union, a sophisticated, but none the less scathing, critique of the regime's economic and social policies.

In the article, he wrote that "it is necessary to develop effective forms of public control over the factors involved in power and political decision-making processes that, as a rule, are conservative."

Peasants' party

Romania's first non-Communist political party since the Communists took over in 1947 announced its formation yesterday following the overthrow of Nicolae Ceausescu, Reuter reports from Bucharest.

The National Christian Peasant Party aimed to achieve the nation's "moral rehabilitation on a Christian and peasant foundation, which for 4,000 years proved to be the Romanian nation's backbone", the Romanian news agency Agerpres reported.

Committee members included writer Doina Cornea, poet Ion Alexandru, Aurel Dragos Manuila and Marin Sarosu, actor Ion Caranitanu, historians Paul Schuster and Alexandru Zub and academic Ion Muzatza, as well as Orthodox Bishop Justinian Marzariu and Roman Catholic Bishop Ioan Robu.

Mr Iliescu, however, will need much support from his other allies. The Number Two, who is now Prime Minister, is Mr Petre Roman. Little is known about him except that he is understood to be the son of Walter Roman, a senior member of the Communist party in the 1950s.

Mr Roman is expected to try to establish some solid economic programmes as well as possible and leave defence matters to the new Minister for Defence, Mr Nicolae Militaru. The latter was an important

general in the Romanian army who, during the revolution of Friday and Saturday, quickly moved over to the side of the National Council of Salvation. His main task will be to continue the rooting out of Securitate members and to equip the army with modern weapons.

The other most important man in this quartet is Mr Dumitri Mazilu. He is well known to the United Nations and to other Western organisations for his repeated criticisms of the country's human rights record.

Last year he tried to deliver to the United Nations in Geneva a specially drawn up report on the condition of human rights in Romania. He was prevented from doing so recalled to Romania and placed under 24-hour house arrest, constantly surveilled by two car-loads of security men.

During the riots in Timisoara last Wednesday night, Mr Mazilu was taken by the Securitate from his home to barracks south of the city. But he was unexpectedly released, and since then has been catapulted into power.

He will play an important part in re-establishing Romania's relations with foreign countries. More importantly, he will have to act swiftly to set up firm contacts between Western human rights organisations and other European countries to re-establish Romania's place in the continent.

But the Government, while it seems optimistic and determined to reassure the population that it is going to establish order as quickly as possible, has one other factor with which it must contend. This is the future of the Communist party.

Since 1971 it has not really existed as a party. Although it has 3.5m members out of a population of 21.5m, the party was always under the thumb of the Securitate. There were no party secretaries, no teachers, no editors, no book publishers, no hotel staff, no managers - the whole broad spectrum of the population involved in the Communist party was directed by the Securitate.

In fact, unlike the other Communist countries in Eastern Europe, there was no functioning party.

As soon as the new Government was elected, there were tiny groups of people in the centre of Bucharest demanding that the party be disbanded completely. In reality, there is no such party, and whether the new leadership will even bother to discuss its leading role remains to be seen. Far more important, however, is establishing law and order, an awesome task for this new and brave quartet.



A woman weeps at the grave of her husband in central Bucharest, where over 100 victims of fighting were buried yesterday

Tacit approval for execution

By Quentin Peel in Moscow

THE Soviet Union yesterday appeared to give its tacit approval for the execution of Mr Nicolae Ceausescu, the deposed Romanian dictator, and his wife Elena, just a day after announcing its "unequivocal support" for the National Salvation Front which has assumed power in Bucharest.

A Soviet spokesman insisted yesterday that the double execution, after the summary judgment of a military tribunal, "apparently took into account the aspirations and will of the Romanian people".

The statement reflected a consistent Soviet determination to do absolutely nothing which could be construed as interference in the popular overthrow of Ceausescu, while also making clear its political support for the revolution.

President Mikhail Gorbachev congratulated the new leader, Mr Ion Iliescu, on his election as chairman of the National Salvation Front.

"We and our allies unequivocally support the revolutionary renewal, the just struggle of the Romanian people, and the efforts of the National Salvation Front council that has proclaimed a programme of far-reaching democratic reforms," Mr Ivan Abotomov, a Soviet Deputy Foreign Minister, announced in Moscow on Christmas Day.

He said a meeting of Warsaw Pact foreign ministers had been considered by the Soviet bloc allies, and rejected.

"In the common conviction of the allied states, the destiny of the country is in the hands of the Romanian people and, despite the bitter resistance of the forces of totalitarianism, they will win the struggle for freedom and democracy," he said.

"Taking this into account, the [Warsaw Pact] allies agreed on the advisability of avoiding any collective actions that could remind one of practices of the past."

Yesterday's further statement, by Mr Vadim Perilyev, a Foreign Ministry spokesman, on the execution of the Ceausescus, underlines just how little sympathy the Romanian dictator enjoyed in the Soviet Union. He was always seen as an ideological embarrassment and, since the advent of Mr Mikhail Gorbachev, as a blatant relic of Stalinism.

The Soviet Union has been among the first to rush humanitarian assistance to Romania, including preparing 6,000 hospital beds to receive injured victims of the fighting, and also making blood transfusion

PRESIDENT'S SON

How Nicu Ceausescu was seized

A ROMANIAN printer told yesterday how he recognised and arrested Nicu Ceausescu, the deposed President's son, as he tried to flee in a car driven by a heavily-perfumed woman. Reuter reports from Budapest.

Mr Ivan Maru told the Hungarian newspaper Nepszabadsag that he overpowered Nicu, a notorious playboy, and took him to the television centre, where he appeared on camera looking dazed and bruised.

Mr Maru said he had been checking cars near Bucharest's Banasa domestic airport on Friday with a group of vigilantes. "I saw a multi-coloured Olifant (Romanian-made car) approaching. We forced it to slow down and stop. Four of us surrounded it and one of my buddies told the driver to identify himself," he told the paper.

He said he noticed the car's registration number started with 43, which he had heard meant it belonged to the Securitate secret police.

"A very elegant woman was driving the car. The scent of fine perfume poured out of the car when she pulled down the window."

"Her papers were in order, but we saw that a man was sitting behind, his cap completely pulled down. We could barely see his face."

Mr Maru said they asked her who he was and she replied: "He is my lover."

"I reached in and pulled off his cap. I saw it was Nicu. He got out and pretended to search for his papers. Then suddenly he ran away. I ran after him and jumped on him."

Mr Maru said he radioed for an army car to take Nicu, despite party leader in the city of Sibiu, to the television headquarters.

Olive branch from Hungary

The new Romanian Government was keen to resolve old hostilities with Hungary and hostility between the two countries was over for good, Hungarian Foreign Minister Gyula Horn said yesterday, Reuter reports from Budapest.

"This between the two Warsaw Pact allies have been strained recently, particularly over Mr Ceausescu's treatment of Romania's big ethnic Hungarian minority."

Hungary has already organised aid for its neighbour.

In addition, the Securitate still retains a vast network of underground passages and safe houses

The fact remains that, several hours after Romanian television broadcast the execution of the Ceausescus, snipers were still shooting close to my hotel. "They have not yet been defeated," said a young hotel assistant.

And not only in Bucharest, the nerve-centre of the revolution, does the Securitate still operate. Beyond Bucharest, the other centres are in Timisoara, a short drive from the Yugoslav border; in Arad, just south of the Hungarian border; in Cluj, the centre of the Hungarian minority; and in Brasov.

The citizens of Timisoara have been exposed to repeated gunfire and snipers. In the morning and evening, snipers recur late in the evening. In Arad, the secret police seem to have gone into hiding. In Cluj, however, the fierce fighting which erupted last Thursday night has quietened down.

That the people, numbering some 200,000 ethnic German minority, is suspiciously quiet.

It was here, in November 1987, that the Securitate murdered scores of workers who had demonstrated against the Ceausescu regime. Since then, and up to last weekend, the city had been run like a mini-police state.

The point about these four centres is that they are strategically located near border crossing points or else in the mountains, crucial hide-outs for the secret police.

Furthermore, even if the army today has almost full control of the country, tomorrow, next week or even next month, these people, numbering with the crowd, may suddenly emerge to drop a grenade in a packed church, just as one Securitate officer tried to do at the weekend at an Orthodox church in Bucharest.

There is one other question sceptical Romanians are asking. When I asked a Romanian diplomat based in Vienna whether a Securitate cell was still in the embassy, he replied: "The day Ceausescu was lifted out on the helicopter, they disappeared. We do not know where."

East European defence attaches in Bucharest firmly believe that Securitate members who are based abroad, not only in embassies but in foreign trade organisations, Tarom (the national airline), the tourist agencies and its own intelligence units abroad, are all now waiting.

True, their leader has been killed, no longer issuing orders from his underground bunker. But even had Mr Ceausescu died a natural death, it is becoming increasingly clear that the Securitate would have fought on.



Soldiers and civilians guard Ceausescu's rooms in the Communist Party building in Bucharest

THE MILITARY

Tension between Securitate and army is likely to remain

Jonathan Eyal explains why Romania's security forces may have difficulty in coming to terms with a new era

THE bitter week-long fighting in Romania may have sealed the fate of Ceausescu's dictatorship but the conflict between the armed forces and the hated Securitate is likely to rumble on, for it is based on a traditional competition for resources and influence within the country.

It is apparent that, although the Securitate has been annihilated as an organisation its agents will continue to provide the army with a persistent challenge. After the summary execution of President Ceausescu and his wife members of this organisation are unlikely to expect much mercy from the Romanians; some would try to escape from the country while others are already hiding in the Carpathian mountains.

There is little doubt that the military will seek to build upon this advantage. For this reason alone, closer military co-operation with other Warsaw Pact states is unlikely to be a military priority; instead, Romanian generals will probably seek additional state funds partly in order to replace equipment destroyed during the recent fighting and partly in order to make up for years of neglect. The current favourable image of the Romanian military would also shield them from the effects of any political reforms.

Thus, for instance, there is little likelihood that a democratic government elected after the April elections will seek to impose a civilian minister on the army. Nor is it very likely that Romania's defence budget will be reduced by much.

The most crucial question is that of the military's involvement in this political succession. Although Romania has no tradition of direct military interference with the civilian government, it has a great experience with military influence on political administrations.

The Council of National Salvation which currently runs Romania is well aware of its dependence on the armed forces, but seems to believe that this dependence cannot be reduced in the near future. Its most progressive members, however, are clearly hoping that by appointing professional soldiers to command positions (rather than party officials in uniform) this influence could at least be kept in check.

The freshly appointed leadership of the Defence Ministry bears testimony of this fact. The new Defence Minister is General Nikolai Militaru.

Although Gen Militaru was a candidate member of the Romanian Communist Party's Central Committee at the end of the 1960s, he seems to have concentrated on strictly military commands, such as that of the Second Army and Bucharest.

Gen Militaru is assisted by two deputies. The first is Gen Gusa, the armed forces' chief of staff since 1986. He is certainly politically vulnerable because of his former association with both Ceausescu and his Communist Party.

Nevertheless, Gen Gusa's adroit handling of the army's deployment in the last few days and his apparently committed efforts to defend Ceausescu's forces seems to have secured his position, at least for the time being. The Defence Minister's other deputy Gen Stanculescu, is particularly interesting.

An artillery soldier by training, Gen Stanculescu already served as Deputy Defence Minister in 1981. However, since 1985 he was responsible for Romania's arms industry, an extensive production network developed during the 1970s with Ceausescu's personal encouragement. His

US REACTION

Bush may restore trade privileges

By Nancy Durne in Washington

US OFFICIALS have moved swiftly to establish diplomatic relations with the new Government of Romania while regretting that the trial of Nicolae Ceausescu and his wife was not conducted "in an open and public fashion".

In an official statement, the White House extended its congratulations to the National Salvation Front and promised to support the struggles to achieve its announced democratic values.

The US business community is also welcoming the new Government and expecting a resumption of trade ties, cut in July 1983, over human rights violations.

President Bush may move quickly to restore Romania's Most Favoured Nation status and its duty-free trade privileges under the Generalised System of Preferences.

FRENCH REACTION

Paris recognises new Bucharest Government

By William Dawkins in Paris

FRANCE gave official recognition to the new Romanian Government over the weekend and mobilised large amounts of medical and food aid for the struggling country.

The French Government recognises the National Salvation Front as the sole legal authority in Romania, said a Foreign Ministry statement.

Meanwhile, the Government promised to support the country's recovery. "The deep and solid affinities which link us are guarantees of our wish to aid you in your reconstruction," added Mr Roland Dumas, the Foreign Minister, in a message to the Romanian people.

Mr Michel Rocard, the Prime Minister, noted "the courage of the Romanian people, who have overturned a dictatorship under extremely dramatic circumstances." His number two in the Government, Mr Lionel

JOSPIN, THE EDUCATION MINISTER, was the only member of the administration publicly to indicate disquiet at the speed and secrecy of the Ceausescus' trial and execution.

"Naturally, one always prefers trials to be public, but these are tragic events and at the same time full of the hopes now being experienced by the Romanian people," he told French television. Former French President Valéry Giscard d'Estaing criticised the Government for failing in the past to take a tough line against the Ceausescu regime.

Meanwhile, donations flowed in from all over France. The Government opened reception points at all of the country's 1,200 public hospitals.

The aid group Medecins sans Frontieres has sent 25 doctors and 38 tonnes of drugs, and another group, Medecins du Monde, has sent 45 tonnes of medicines and equipment.

FRANCE

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OVERSEAS NEWS

# Japanese surplus falls 'are key to market stability'

By Ian Rodger in Tokyo

FRESH DISRUPTIONS of international financial markets, similar to Black Monday in October, 1987, could occur unless Japan continues to reduce its current account surplus, the Organisation for Economic Co-operation and Development has warned in its latest annual survey on the Japanese economy.

"The Japanese current external surplus needs to be seen as part of an international pattern of surpluses and deficits, a pattern which - if it continued for a prolonged period - might lead to cumulative positions that could engender financial market disruption," the report says in its concluding section.

Despite this stern warning, the OECD gives the Japanese authorities high marks for the progress they have made in restructuring the economy away from dependence on exports in the past few years, and for the reduction to date in the country's surpluses in terms of gross national product.

But it is worried that the substantial progress this year has been due to some extent by the unexpected weakening of the yen and fears that the weaker yen "may jeopardise further external adjustment in the medium run".

The survey observes that the Japanese economy is performing extremely well, with new peaks in capacity utilisation being achieved year leading to low unemployment and a high rate of business investment but, so far, not to high inflation. The OECD is fore-

casting that the economy will grow 4.5 per cent in real terms in 1990, and a further 4.3 per cent in 1991.

The one concern on the economic front, apart from external balances, is that labour shortages could cause the inflation rate to rise. The Government's draft 1990-91 budget, published on Sunday, seemed to be in line with the OECD's view that, given the strength of the private sector demand, "a broadly neutral stance of fiscal policy" would be appropriate. Similarly, the Bank of Japan's 0.5 per cent discount rate increase on Monday was con-

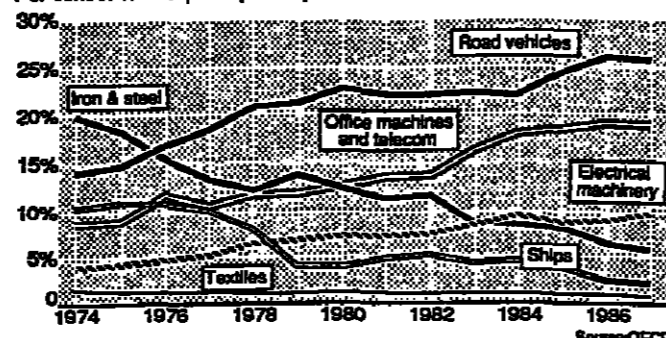
## The OECD gives the Japanese authorities high marks for restructuring the country's economy away from dependence on exports

sistent with the OECD's recommendation that any further weakening of the exchange rate should be resisted.

The OECD has devoted considerable space in this report to analysing Japan's trade behaviour and has found generally that the country has been moving rapidly to open markets and ease regulations. It points out that the country's exceptional export performance over the years has been supported by "strong price competitiveness, high quality of its products and an outstanding ability to adapt to changes in world demand and relative prices by transforming the output mix and cost struc-

### Japan: Export structure

Per cent of total exports (values)



ture of manufacturing industries towards higher value added products.

It acknowledges that aggressive competition by Japanese companies and the relative concentration of Japanese exports on a limited number of products has resulted in trade friction. However, it notes that export volumes have stagnated in response to the substantial appreciation of the yen since

suppliers in its markets, citing this "a dangerous prescription" that should be "strongly resisted".

As Japan depends heavily on the continuation of a liberal world trading system, the OECD suggests that it should be one of the countries taking the lead when it comes to rolling back barriers to the international movement of goods and services.

The OECD's other complaint is that the standard of living of the Japanese people is still low in comparison to the country's high per capita income, and it urges the Government to take action to reduce working hours and to mitigate a plethora of outdated laws, regulations and taxes that make many goods and services, including land, unnecessarily expensive.

"Japan's GNP per head is the fifth highest in the OECD when measured at current exchange rates, but valuing it on a purchasing power parity basis puts Japan in only the tenth position. It would therefore be opportune for Japanese living standards to be brought more closely into line with the nation's productivity," the survey says.

It points out that many of the measures that would improve living standards would also contribute to reducing the trade and current account surpluses.

## Next year's budget takes shape

By Robert Thomson in Tokyo

JAPANESE GOVERNMENT ministers are due to meet today to discuss revisions to the draft of the 1990-1991 budget, which is designed to maintain the country's present growth cycle without overstimulating the economy.

The Ministry of Finance draft provides for a ¥68,270bn (228.7bn) budget, which, in raw terms, is a 9.7 per cent increase over the present fiscal year, although that calculation does not take into account a supplementary budget this year which has lifted total expenditure slightly above the draft figure for next year.

A sign that the Government is concerned about potential overheating is the marginal 0.3 per cent increase in public works spending, which it has previously used to stimulate economic growth. It is widely believed that if the economy does show signs of slowing, the Government will be tempted to draft a new public works package to maintain growth.

Defence spending is to increase by 5.5 per cent, although the final figure is, for the first time in four years, likely to fall below 1 per cent of gross national product. The defence budget is a sensitive issue among Japan's neighbours, which have criticised allocations above the 1 per cent level.

The budget provides for a 5.9 per cent increase in aid to developing nations and international aid organisations, which will make Japan the world's leading donor on a dollar basis for a third successive year.

In producing the draft, which comes less than two months before a general election, the Ministry has generally resisted the temptations of pre-election handouts, although it did allow for a 6.2 per cent increase in social welfare spending and a larger-than-expected rise in allocations for new railway lines.

The budget, reflecting government concern about the level of public debt, does not include the use of deficit-financing bonds for the first time in 15 years, and allocates ¥14,290bn, or 21 per cent of expenditure and a 22.5 per cent increase on last year, for the servicing of outstanding government bonds.

Conscious that the coming year could be marked by increasing trade tension, the Ministry of International Trade and Industry (MITI) is negotiating a revision of the ¥2.5bn set aside for import promotion, and would like ¥2.5bn more.

Negotiations by various ministries over budget allocations are expected to be completed by Friday, and a revised draft is expected to be presented to the cabinet at the weekend. The official Economic Planning Agency predicted at the weekend that the economy would show 4 per cent real growth next fiscal year, down slightly on its 4.6 per cent estimate for this year. However, most private economists believe growth next year will be around 4.5 per cent.

## Big domestic market, not barriers, keeps imports low

Ian Rodger looks at the OECD survey of Japan

THE PERSISTENCE of Japan's large trade surplus is undoubtedly one of the main reasons for a resurgence of accusations, especially from the US, that the country's markets remain largely closed to imports.

There is no doubt that Japan's import propensity is much lower than that of most OECD countries. In a special section on this controversial subject, the OECD's 1988-89 Economic Survey on Japan shows that the country's manufactured imports amounted to only 2.8 per cent of GDP in 1987, compared with 7.5 per cent in the US and 14.3 per cent in West Germany.

Nevertheless, the survey concludes that "there is little evidence in general to support the contention that import impediments (either formal or informal) imposed by the Government are a decisive factor". It suggests that "the abundance of human capital (both workers' skills and diligence) relative to natural resource endowment" partly explains the relative paucity of manufactured imports.

It says that some business practices, notably the preference of companies for long-term trading relationships, make it difficult for new companies, both foreign and Japanese, to enter some sectors, but this has been one of the contributing factors to the economy's efficiency.

The survey points to three special factors affecting Japan's import behaviour: ● The country has a large unified domestic market with a per capita income among the highest in the world. As a rule, the larger the domestic market, the smaller the import/GNP ratio.

● Japan's isolation inhibits imports, especially of manufactured goods. New Zealand and Australia show similarly abnormally low import ratios. ● The fact that Japan has few resources other than its human capital leads it naturally to outperform others in sophisticated manufacturing industries.

The report cites a number of recent academic studies of the Japanese import issue, but observes that the results differ widely, depending on the assumptions made and method used, and so no clear conclusion can be drawn.

It then examines Japan's barriers to imports, discovering that tariff rates on industrial products average 2.8 per cent, which is lower than that in both the US and the EC. Also, in non-tariff barriers, a recent study by the World Bank found that the overall extent of non-tariff barriers in Japan is similar to that in the US, although the coverage is larger in agriculture and food in Japan and wider in manufacturing in the US.

Similarly, the Japanese Government's use of subsidies is not badly out of line. In 1987, the ratio of subsidies to GNP was 1 per cent compared with 0.7 per cent in the US and 1.7 per cent in OECD Europe. In

manufacturing industries, subsidy levels were about the same in the US and Japan.

There have been problems in the vague area of informal import barriers, such as government procurement practices that lack transparency, unnecessarily complicated standards and certification procedures, differences in legal frameworks, differences in the application of patent law and regulations that protect small retailers.

However, many of the complaints in these areas have been dealt with in the Market-

these long-term sub-contracting practices are becoming more popular in other countries, "and their prominence in Japan marks a quantitative rather than a qualitative difference compared to inter-industry relationships in other countries".

Complaints about purchasing preference being given to members of Keiretsu (big multi-sector company groupings, such as Mitsubishi and Daihatsu) are also considered to be relatively unimportant.

The survey points to a report of the Fair Trade Commission

Annual change	1988	1989	1990	1991
	as a percentage of GNP			
<b>Demand and Output</b>				
Private consumption	5.0	2.8	3.7	3.8
Government consumption	2.2	2.0	1.8	1.8
Gross Fixed Investment	13.4	11.1	6.5	5.8
Public	6.8	0.2	1.5	1.5
Private residential	13.4	1.1	2.3	2.9
Private non-residential	15.0	18.0	9.1	8.2
Final capital demand	7.1	4.0	4.8	4.0
Stockbuilding	0.2	0.0	0.0	0.0
Total domestic demand	7.7	5.8	4.8	4.0
Exports of goods and services	8.1	14.1	9.8	9.2
Imports of goods and services	21.8	19.0	9.9	8.0
Foreign balance	-1.9	-3.8	-5.1	-9.2
GNP at market prices	5.7	4.8	4.5	4.3
GNP deflator	0.4	1.3	2.6	2.5
<b>Balance of Payments</b>				
Exports (5bn)	258.8	276	298	332
Imports (5bn)	164.8	198	219	236
Trade balance (5bn)	95.0	85	88	96
Current account balance	79.8	61	61	69
(Per cent of GNP)	2.8	2.1	2.1	2.2

Some business practices, notably the preference of companies for long-term trading relationships, make it difficult for new companies, both foreign and Japanese, to enter some sectors, but this has been one of the contributing factors to the economy's efficiency

In 1988 which found that the share of intra-group trading transactions of companies in the six largest Keiretsu accounted for 10 per cent (excluding financial transactions) of their total sales. The Commission also found that the choice of important capital goods purchased is little affected by Keiretsu membership, but certain standardised services such as non-life insurance or pension fund management tend to be provided by financial institutions within the group.

Other obstacles to foreigners in Japan's business culture include the tradition of business-related companies holding large amounts of each others' shares, a practice which prevents hostile takeovers. However, the report notes that the number of mergers and acquisitions in Japan rose 60 per cent from 1984 to 1988 to 240 cases and that they have become socially acceptable.

The domestic retail networks, especially those for household appliances and passenger cars, have been largely controlled by manufacturers, a system which prevents the entry of newcomers. However, the increasing number of independent discount stores has gradually changed this pattern.

The survey observes that

UK NEWS

# Companies House risks shake-up

Hazel Duffy continues her series on Civil Service commercialisation

COMPANIES House, which documents all company returns, will be one of the first of the new Next Steps agencies to be put on a more commercial footing after the recent introduction of the Government Trading Bill. The bill is to extend trading fund status to more sections of government.

A fund provides a financing framework that distances the body from the day-to-day financial controls by Whitehall that cover the vast majority of the civil service.

Mr Stephen Curtis, chief executive of Companies House, will not be there to relish the change. Next April he will head the Driver and Vehicle Licensing office when it becomes another Next Steps agency - the name given to the new agencies under the bill.

It is a little over a year since Companies House became the second Next Steps agency. The event took Lord Young, then Trade and Industry Secretary, to Cardiff, the main offices of Companies House. The staff had slightly bemused at the time; it was hard to know what changes an agency would bring.

Since then, they have had a fleeting visit from Mrs Thatcher, hosts of visitors from other parts of the British Civil Service and from overseas bureaucracies, all eager to learn if agencies are the answer to the question of how to improve public services without pushing up costs.

Basic facts about all British companies must be registered regularly with Companies House. That has been the law since 1844, when the registration offices were in Somerset House in the Strand. The main part of the office moved from the less salubrious City Road offices to Cardiff in 1976.

The Government's regulation of the corporate sector depends on up-to-date files on those facts. However, a report by the Commons Public Accounts Committee in 1984 found that only 40 per cent of companies were complying with the law.



Stephen Curtis: has tried to make the organisation more responsive to its "customers"



## CIVIL SERVICE

The compliance rate today is nearly double. By 1991 it must be 83 per cent, if Companies House is to reach the "stretching targets" - set for it by the Government last March. Mr Curtis's successor must also cut the time taken to process documents by 20 per cent, so that they will be available to the public within 18 working days of receipt. Productivity must be increased by 12 per cent, real unit costs reduced by 7 per cent. Publication of targets and measurement of the success in keeping to them, is the one Next Steps innovation that might mean something to the public.

train many more steps towards making Companies House more responsive to its "customers." Staff in the section helping the public now wear a uniform, for instance. Documents can be delivered to companies by fax. Satellite offices are being opened in Manchester, Leeds, Birmingham and Glasgow.

Next year, documents that are already partly completed from information filed with Companies House will be sent out in place of the annual return forms, so that they can then be simply confirmed or amended by the company.

A register of all company directors and secretaries is being developed which will enable searchers to identify all the directorships held by an individual.

Research into the possibility of storing 400m pages of information on optical discs is going on in Cardiff. If the experiment is successful, information could be made available to searchers via computer terminals.

the threat of a strike over a dismissal. The vote went against a strike but it was a sobering experience for the statistician turned manager.

The chief executive gets a salary of less than £40,000, although the agency has brought him the chance to earn an undisclosed bonus. Staff will also share in a bonus scheme if targets are met, although the amounts will be small.

Trading fund status will sharpen up the disciplines and freedoms that are beginning to take shape in Cardiff. The chief executive will be able to carry over money from one year to the next, for instance, as well as to juggle between pots for staff pay and accommodation costs, for instance, during the year.

In a relatively distinct and small business, like Companies House, which earns money from fees, and covers its costs, the agency model has probably the best chance of changing the face of the civil service presented to the public. Whether it makes much difference for the staff, as opposed to the small number of people at the top, remains to be seen.

Further articles in the series will appear on the UK pages.

## Rover sets up schools link to promote engineering

By Richard Tomkins, Midlands Correspondent

ROVER GROUP, the car-making subsidiary of British Aerospace, will forge stronger links with schools to attempt to counter the shortage of youngsters going into engineering.

The Rover Group Education Partnership has been launched in order to stimulate pupils' interest in manufacturing and prepare them for jobs in engineering.

Rover, which employs 40,000 people, takes on 400 school leavers a year, and the programme is partly intended to satisfy the group's own recruitment needs.

Mr George Simpson, the managing director of the group, commented: "It's just as much a part of our investment in the future as spending billions of pounds on high technology and new model development."

The company also sees the programme as fulfilling a

wider responsibility towards the community, improving the quality of the workforce for all employers.

The programme will extend a series of informal links that have been built up between individual Rover plants and nearby schools over the last 10 years.

It will set up enterprise centres at the Longbridge plant in Birmingham, the Cowley plant in Oxford, the Canley headquarters in Coventry, the Land Rover plant in Solihull, near Birmingham, and the body pressings plant in Swindon, Wiltshire.

These centres will act as a focal point for partnership programme activity - training teachers on secondment, running work experience courses, and training Rover staff who have become school governors.

The programme will also develop a network of Rover partnership schools around

each plant, which will have a high content of work-related activities across the curriculum, and Saturday morning skill-learning clubs for pupils will be organised at the plants.

In some cases, Rover will pay for special facilities in schools to help to train children in such topics as technology and business skills.

The first of these "Rover Rooms" - a careers centre costing £5,000 - has just opened at Benbury School in Oxfordshire. A design and technology centre is in preparation at Stenley Court Comprehensive School in Birmingham, and a third will soon be established at a school in Swindon.

The partnership will also develop teaching support material for schools across the country and introduce an award scheme for the best work experience programme.

## Reliant will double taxi output

By John Griffiths

RELIANT, the UK vehicles and plastics group, has started an expansion programme that includes more than doubling production of the Metrocab taxi in January.

Reliant is creating about 100 jobs, representing a 20 per cent increase in the workforce.

It is also diversifying into marine products and industrial engines. The company is investigating further acquisitions.

Expansion of the taxi operation - which makes the rival to the Carbodies of Coventry FKA London black cab - comes after the move of the Metrocab manufacturing operation from Birmingham to Reliant's base in Tamworth, Staffordshire.

pointing sales of its SS1 sports car, was the subject of a reverse takeover by two building companies this year.

Mr Carl Turpin, the new chief executive, says that he intends to turn Reliant into a broadly based industrial and property group which will be capitalised at £100m by the end of 1992.

Reliant already produced Metrocab's plastic composite body for Laird.

With the annual black-taxi market in the UK standing at 3,000 to 4,000 units, Reliant is understood to believe it could soon sell at least 1,000 Metrocabs a year.

The Metrocab also lends itself to frequent redesign because of the low tooling costs for its plastic body.

Reliant will soon start an export drive. A fleet of 80 Metrocabs is operating on a trial basis in Sydney.

A left-hand-drive version of the Metrocab is being developed at a research and development facility recently opened by the company at Tamworth.

Meanwhile, Reliant has developed a marine version of the engine used in its Blisse three-wheeler, for use in boats and a two-seater water "motorcycle", which it is to manufacture after the acquisition of Jetwave, a maker of motorised surfboards.

Mr Turpin says Reliant has a 90-strong network of dealers in Europe to handle its marine products, which will be 100 per cent British.

The sector is dominated by Japanese manufacturers but, says Mr Turpin, "we will be able to beat the Japanese on price."

## Car makers fear slowdown in sales

By Alice Rawsthorn

THE British car market, which was buoyant through 1989, will slow down next year, as the squeeze on consumer spending and high interest rates increases consumers' caution about spending money on new cars, according to the Society of Motor Manufacturers and Traders.

It expects the market to weaken in 1990, with overall new car sales falling to between 2.1m and 2.2m. Glass's Guide, recognised as the "bible" of the motor trade, was more pessimistic, predicting that new car sales would be as low as 2m.

fewer people would be able to afford or would be willing to buy new cars. Glass said there would still be strong demand for used cars. Consumers were more likely to opt for "value for money" in their choice of a used car, rather than to buy on the basis of age.

## Doctors protest over excess hours

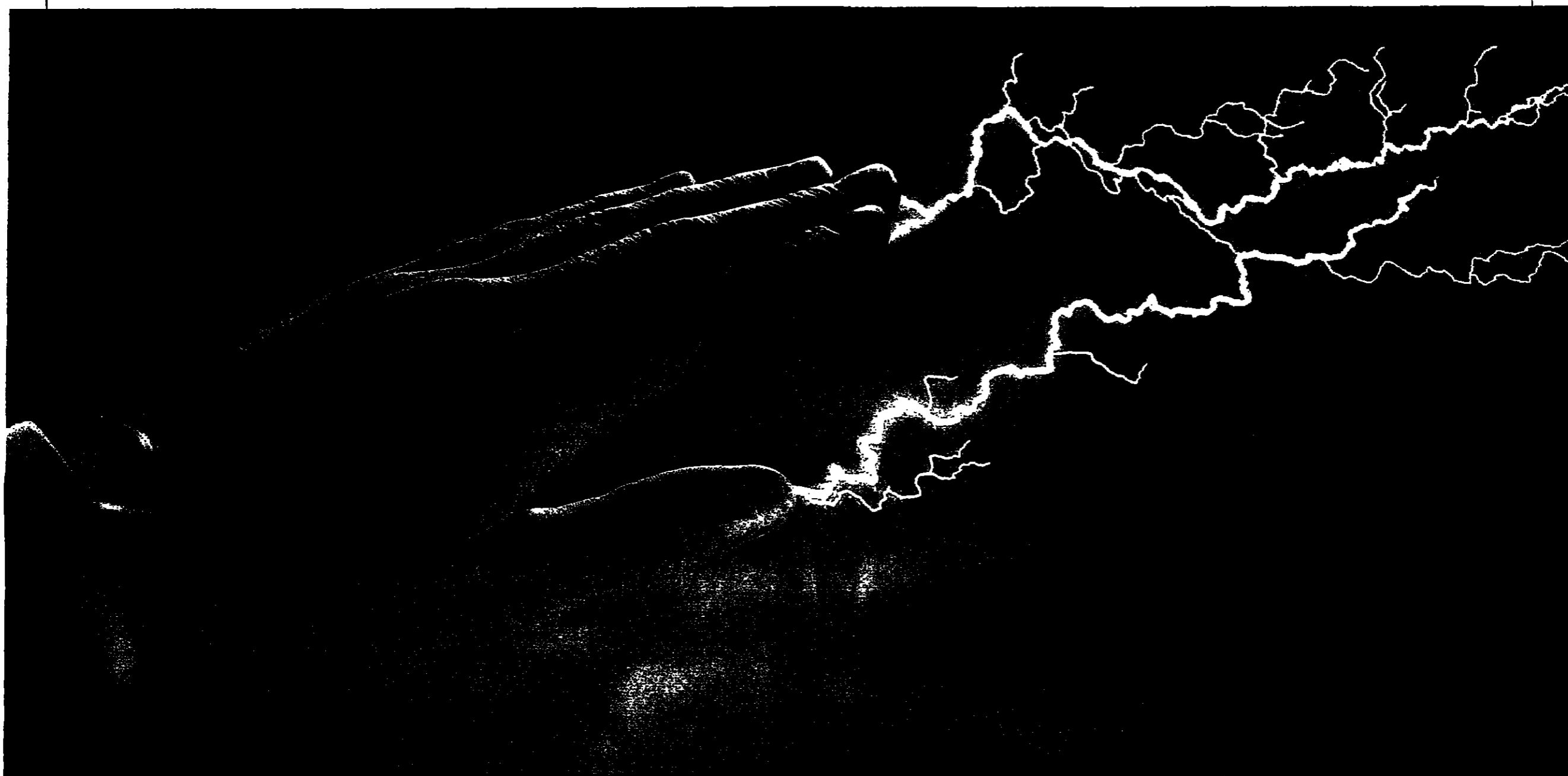
JUNIOR DOCTORS camped for 24 hours on pavements outside hospitals around Britain yesterday in a renewed campaign over their working hours.

The British Medical Association's hospital junior staff committee, which represents 26,000 junior doctors, said the average duty hours were 62 a week, while 140-hour weeks had been worked. It wants a maximum 72-hour week.

The BMA said that patients suffered as a result of doctors' long hours. It said: "Tired doctors cannot treat patients to the best of their ability and run the risk of making mistakes, as well as becoming irritable with patients and relatives who need a sympathetic ear."

Protests took place in London, Birmingham, Edinburgh, Bristol and Newcastle.

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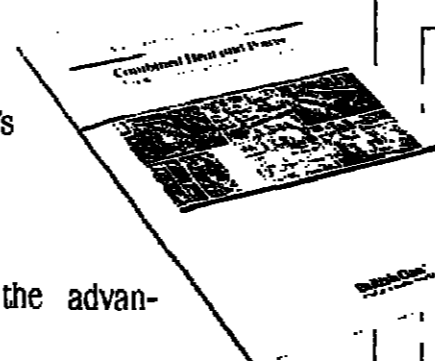
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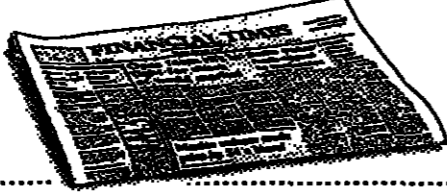
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UK NEWS

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House price slide likely to persist during 1990

By Alice Rawsthorn

THE sluggish housing market is set for a further slump next year, but should experience a modest recovery in 1992, according to a new survey from the Halifax Building Society, Britain's biggest home mortgage finance organisation.

The Halifax predicts house prices will fall by 10 per cent in 1990 because of the continuing problems posed by high interest rates.

The housing market has been depressed - especially in affluent areas such as the south-east of England where mortgages tend to be higher - since the spring. Property prices have fallen and many people have struggled to sell their homes.

Another building society, the Woolwich, recently predicted a property boom in the 1990s in which the average price of a house would rise from £58,000 to £200,000 by the end of the century.

The Halifax was convinced that the long term trend towards home ownership would continue. It expected the growth in the proportion of households owned by the 30-59 age group to counter the reduction in the number of young households.

It forecast that three quarters of the population would own their own homes by the end of the century. In the meantime, according to the Halifax, housing would be a buyers' market. Weak demand, falling prices and a dearth of competition from other would-be buyers mean there would be bargains about for those people that are able to afford a new home.

Defence groups slow to react to Europe's changes, union says

By Michael Smith, Labour Correspondent

BRITISH DEFENCE companies lag behind their competitors in developing the alternative products needed to preserve jobs in the face of political change in east Europe, a trade union leader said yesterday.

Mr Jack Dromey, national secretary of the Transport and General Workers Union (TGWU), Britain's biggest union, said hundreds of thousands of jobs would be lost unless British companies set up alternative products units along the lines of that established by MBB in West Germany.

The MBB unit employed 200, said Mr Dromey, but British companies did not have comparable operations. Mr Dromey was speaking as



Jack Dromey, TGWU secretary

defence companies launched a campaign to persuade UK defence companies to diversify and the Government to help them to do so.

Mr Dromey said the TGWU welcomed the opportunities opening up for peace and international co-operation as a result of the changes in Europe.

However, well over 1m people depended on the arms industry in Britain for their livelihood.

"There will always be arms factories but on a greatly reduced scale in future," he said. "Failure to plan now will see at least one in three lose their jobs in the next decade of peace in Europe."

Tribunal rules British Telecom guilty of unfairly retiring an employee at 60

By Diane Summers, Labour Staff

AN INDUSTRIAL tribunal has ruled that British Telecom is guilty of unfair dismissal by retiring a person at 60, the normal retiring age at the company. It is the latest in a series of tribunal cases relating to BT workers who were over the retirement age.

The wrangle about the dismissal of older workers between BT and the NCU, the trade union representing engineers, has implications for other organisations, particularly those that offer pensions to workers who are below the statutory retirement age.

Civil Service and ex-Civil Service organisations, in particular, could be affected.

The tribunal decision follows BT's success, however, on the same issue in another 22 cases that were brought together before one tribunal earlier this year. The NCU is backing an appeal which it expects will be heard next March.

In the latest case, an industrial tribunal in Belfast ruled that Mr Patsy Cregan, 60, was protected by law against unfair dismissal.

BT had argued that he did not have protection because it has a declared policy of retiring workers at 60. The tribunal's decision hinged on statistics, relating to

the whole of the UK, which demonstrated that the contractual retirement age within BT was commonly ignored and workers carried on beyond the age of 60. What happened in practice was more important than a declared policy on retirement age.

The tribunal went on to find that Mr Cregan had, indeed, been unfairly dismissed.

In the 22 cases dealt with together earlier in the year, BT argued successfully that the organisation was a collection of separate undertakings and so national statistics on retirement age were not significant.

The new grade of maid is paid about 10 per cent more than the traditional worker. The company says it passes on most running labour cost savings, while benefiting from reductions in fixed costs such as national insurance.

Mr Jim Hübner, operations director, said one of the aims of the reorganisation of maids' work was to increase their involvement in the job by giving them greater responsibility, while reducing management hierarchies.

The company has also started to introduce quality circles - groups of different grades of workers which discuss ways of improving work organisation - at its hotels.

Hotel chain introduces the labour saving maid

By John Gapper, Labour Editor

A NEW grade of chambermaid who checks her own work has been introduced by Commonwealth Hotels International, the UK operator of the Holiday Inn franchise, as part of an effort to improve labour productivity.

The hotel chain has reduced the number of housekeeping supervisors it needs to employ by training "self-checking maids" to oversee their own cleaning of rooms.

A comparative study of hotel worker productivity in West Germany published by the National Institute for Economic and Social Research last month concluded that better work organisation in German hotels raised productivity.

The study concluded that housekeeping supervisors in medium-sized British hotels were occupied mainly with detailed supervision of maids' work, while their German counterparts had a more strategic role.

Commonwealth Hotels, which runs 11 Holiday Inns in Britain, has eliminated supervisors entirely at its new hotel in Swansea, which it has designed to improve labour productivity.

At Swansea in Wales, its maids are under the control of a single housekeeper. The company would traditionally have employed a housekeeper, an assistant and one or two supervisors to monitor maids' work in its larger hotels.

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Rail and sea unions to vote on merger

By Fiona Thompson, Labour Staff

MEMBERS of the National Union of Railwaymen and the National Union of Seamen will from next week be balloted on the merger of their two unions.

They will be asked to approve the new rule book and constitution of the merged union, which will be called the National Union of Rail, Maritime and Transport Workers and known as RMT.

The ballot will take between six and eight weeks, because many NUS members will be away at sea, and the unions expect that the formal merger will take place in April or May.

Mr Jimmy Knapp, general secretary of the NUR, will take the same role in RMT. Mr Sam McCluskie, present general secretary of the NUS, will be RMT's executive officer and will deputise for Mr Knapp. There will be three assistant

general secretaries. The new union will have 137,000 members, made up of the NUR's 115,000 and the NUS's 22,000.

The NUR has a full-time executive, whereas the NUS's is part-time, but has been carrying out a reorganisation since the recommendations in April 1988 by academics at Warwick University after a year-long inquiry.

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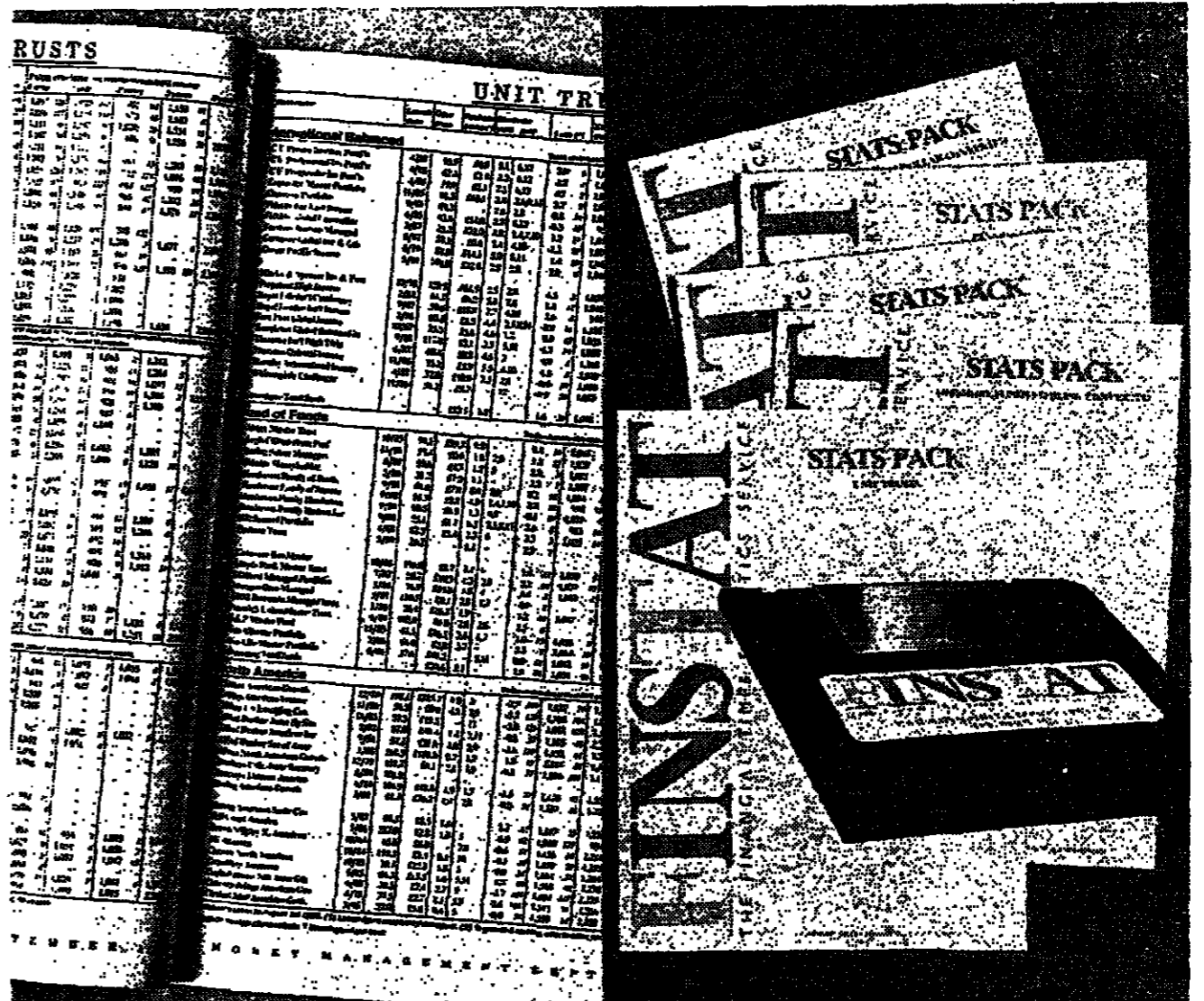
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Review

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MANAGEMENT

SmithKline Beecham

Stretching the limits to make a merger work

Peter Marsh explains how a 'round the clock' effort has gone into drawing up a reorganisation plan for the pharmaceuticals and consumer products group

Kerms has crossed the Atlantic 84 times over the past 18 months. Partly as a consequence, about 1,000 managers at his company have not been getting much rest lately.

Kerms is the corporate development director of SmithKline Beecham, the pharmaceuticals and consumer products company formed in July after a merger between SmithKline Beecham of the US and Britain's Beecham.

The new company, with headquarters in London but with many of its most important functions based in the US, has annual sales running at about \$4bn and is one of the world's top three drug groups, on the basis of products sold both by prescription and through retail outlets.

Kerms, formerly chief financial officer of SmithKline Beecham, has been involved in planning the merger since June 1988 when the two companies first started talking.

After the deal was consummated, Kerms assumed a key part in the process of putting together the two businesses. The goals have been ambitious. "We did not just want to integrate; we wanted to build a brand new company," says Bob Bauman, chief executive of SB and the main driving force behind the merger.

and product terms, and at specific areas such as research and development, production and administration.

The complexity of the task is underlined by the numbers of people involved. The full SB empire (not including a cosmetics division which the company plans to sell) employs about 55,000 staff around the world who work in over 100 sites.

Some of these teams have already reported and the rest will do so within the next fortnight, by which time they will have formed a pile of paper probably over 10 feet high.

Planning has proceeded according to a methodology established jointly by a team of SB managers led by Kerms called the Merger Integration Committee or MIP which was aided by McKinsey, the consultants.

Kerms, a burly 54-year-old who has known Bauman for 25 years since they both worked together at General Foods, the US food company, has been in constant touch with the exercise via the MIP unit, which has attempted during the process to steer the individual teams and keep them in touch with each other.

Kerms stresses that SB wanted to break new ground in putting together companies after a merger. "We have really looked closely at what was best for the organisation. The last thing we wanted to do was simply to take an organism of existing jobs and start to fill in boxes on a chart."

The planning, says Bauman, is designed to give him and the other top executives a base from which to start designing the shape of the new group so that it fits in with what he considers the priorities for the future.

For example, he wants to build into SB's structure as far as he can such things as a good responsiveness to customer's needs, minimum bureaucracy and a high degree of innovation in product development.

managers in the company in helping to work on the way the company was going to evolve. Bauman does not evade the issues here. He admits that many of the managers in the exercise will not have the same jobs - if a job at all - after the process is implemented.

Because of the overlap between the different parts of SB, some jobs will be phased out and others will be downgraded. Some of the managers will find they are designing away their own responsibilities.

"The whole process was about disturbing people and a lot of people don't like to be disturbed," says Bauman. "But we said to them either join the teams or don't. At least this way we gave them an opportunity to have some ownership over what the future would hold. I have to say the process has worked and most of the people have responded very well."

The level of commitment has been so great that many of the 1,000 men and women involved have worked evenings and weekends and put in 80-hour weeks as they have jetted round the world to take part in their planning meetings. Despite his easy-going appearance, Bauman sets tough standards for his workforce; he points out that the business has had to keep going while the planning was taking place. "We have asked a lot of our managers," he says.

Some key decisions have already been taken. For instance, Bauman has shaken up the two former SmithKline and Beecham pharmaceutical sales forces in the US, keeping the numbers of people the same at 1,900 but reorganising them into four groups related to different product and marketing strategies. Something similar is happening with the drugs sales teams in the UK and Canada and with the worldwide consumer products and animal health businesses.

The company took action just before Christmas to cut out overlapping activities in its UK pharmaceutical operations. It is to reduce its total workforce in this area by 344 jobs over the next two years, a cut of 12 per cent. It has also just sold its worldwide adhesives operations and its North American household products business.

Bauman does not pretend that all the recommendations will be easy to put into effect and he says that some will take time. As an example, some of the 100 or so plants which SB currently operates are likely to close as a result of the reorganisation. It will take time to sort out the shutdowns and to deal with the question of redundancies. A certain proportion of the workforce are likely to lose their jobs.



Bob Bauman: "We did not just want to integrate - we wanted to build a brand new company"

clutches of a predator such as a Japanese or Swiss drug group.

Not surprisingly, Kerms does not see things exactly this way, but he admits: "There are some things we at SmithKline didn't do particularly well. And Beecham undoubtedly made errors too. An exercise like this lets us look back and redefine what we want to be."

A telling aspect of the complete reorganisation is that the key managers involved are American. It is difficult to think of many companies run solely by UK managers that would put into train anything so complex and ambitious as the SB operation.

Generally speaking, British managers have the reputation of taking a more laissez faire, less systems-oriented approach to planning and organisation; indeed, the whole exercise smacks of the complicated systems planning which is a feature of the US aerospace industry, and for which Bauman once worked for six years at two US aerospace manufacturers, Textron and Avco.

Bauman smiles when this is mentioned and says he had not thought of the analogy. Kerms, however, says the comparison can only be carried so far. "We are demonstrating a similar systems approach. But we are talking about soft issues as opposed to aircraft components. We are managing people rather than technology and that's something we have had to remember all the time."

Tapping hidden 'excellence'

David Goodhart on E. German potential

Thomas Kaever, a 39-year-old West Berlin-based business consultant and trader, has a message of qualified optimism for those trying to breathe new life into the East German economy.

The message is that the economy has some surprising strengths; the qualification is that they are mainly hidden.

It is not simply that the lack of a proper pricing system means the country's planners do not know which their most efficient companies are; equally significant, for Kaever, are the under-exploited "centres of excellence" hidden away inside the giant Kombinate industrial groups, above all in software.

Most of Kaever's business with East Germany has been in computers and electronics. Three years ago when he started doing business across the Berlin Wall it was still an agonisingly slow and conspiratorial process.

Because the company he was doing business with had insufficient hard currency he began bartering - exchanging computers for software. There was an initial "Catch 22" for Kaever because without his computers, the East German company could not make the software he wanted. He took an investment risk and made a present of the first batch of computers. It never became a very profitable business but the risk proved worthwhile.

In Kaever's view East German software is both good and remarkably cheap - perhaps one-quarter the cost of equivalent western software. He says most of it is less "user-friendly" than western software but in some fields of industrial software the East Germans are "excellent".

Yet according to some western estimates the East Germans currently earn only a few million D-marks a year from software exports. Most of the official software industry is centred on Robotron, the East German equivalent of Siemens, which is responsible for about half of its exports.

SmithKline Beecham divisions		
	Edm*	Employees
Prescription drugs	2.12	27,000
Consumer brands**	1.20	14,000
Animal health	0.30	3,000
Animal lab. services	0.45	11,000
TOTAL	4.07	55,000

\*Estimates for 1989; \*\*including over the counter medicines

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**NI-CAL FINANCE N.V.**  
**NOTICE OF MEETING OF DEBENTUREHOLDERS**

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting") of the holders of the Debentures (the "Debentures") of NI-CAL FINANCE N.V. (the "Company") is hereby convened for the purpose of considering and voting on the following resolutions:

The Meeting is called pursuant to the provisions of the Indenture for the purpose of:

- To consent to and approve the conversion of the Debentures into \$0.01 par value common stock of NYCAL at a rate of \$5.50 U.S. per share after the effective date of the present offering (or 10 times the stock split or a value of \$0.35 U.S. before the effective date of the split and giving full value for amount owing on the principal and unpaid interest of the Debentures to December 31, 1990. The shares of common stock to be issued upon conversion of the Debentures will carry a registration rights agreement for registration thereof with the United States Securities and Exchange Commission, if any registration statement is filed for other securities of NYCAL. Currently, the only Debentures of NYCAL are subject to a Registration Statement on Form S-1 for all registered shares of NYCAL, which will include the shares of common stock into which the Debentures will be converted.
- To consent to any modification of, or change in, or addition to, or deletion from the provisions contained in the Indenture which shall be agreed to by the Company and the Guarantors of them and which may be contemplated by, involved in or necessary or desirable to carry out the said extraordinary resolution or extraordinary resolutions.
- To authorize and direct the Trustee to execute in due course from time to time deeds supplemental to the Indenture, Agreements and/or other documents involving such approval, waiver, consent, modification, change, addition or deletion or which may be necessary or desirable for giving effect to and carrying out extraordinary resolution or extraordinary resolutions.

B. Taking such further or other action, whether by way of extraordinary resolution pursuant to the provisions of the Indenture or otherwise, as may be considered necessary or advisable.

This notice is given to the Guarantors pursuant to the provisions of the Indenture to the extent that any extraordinary resolution proposed at the Meeting or any adjustment thereof shall, if passed in accordance with the provisions contained in the Indenture in that behalf, be deemed to be the act of the Debenture holders, and the Trustee and the Guarantors shall be bound to give effect thereto accordingly, and to the further intent that in considering and/or passing any resolution, extraordinary or otherwise, such Meeting may modify, amend, change, simplify, add to or delete any of the matters hereinbefore specified, it being explained that the foregoing does not purport to specify the terms of the extraordinary resolution or extraordinary resolutions to be proposed at the Meeting, but only to indicate the general nature of the business to be transacted thereat and in general sense the subject of the extraordinary resolutions to be submitted thereat.

Pursuant to the provisions of the Indenture and the regulations made thereunder, holder of Debentures desiring to be present and vote at the Meeting without producing their Debentures may deposit the same with any bank, trust company, insurance company or other depository previously approved of by the Trustee and will receive in exchange voting certificates which will entitle the holder named therein to be present and vote at the Meeting and at any adjournment thereof and to appoint a proxy to represent and vote for the holder at the Meeting and at any adjournment thereof in the same way as if the person so present and voting, either personally or by proxy, were the actual owner of the Debentures in respect of which the same were being deposited. The Debentures so deposited will be held on deposit until after the Meeting and any adjournment thereof and will then be returned to the deponent. Any bank, trust company, insurance company or other depository approved of by the Trustee and acting as depository of Debentures of which it may be the holder, Voting certificates and/or instruments appointing proxies must be deposited with or filed to the Guarantors at the office of their attorney listed below on or before January 10, 1990 for the meeting notified herein or on or before January 24, 1990 for the adjourned meeting.

Save as aforesaid, the only persons who shall be recognized at the meeting or any adjournment thereof as the holders of any Debentures or entitled to vote or be present at the meeting or any adjournment thereof shall be persons who produce Debentures at the meeting or any adjournment thereof.

A proxy need not be a Debentureholder.

This notice, a letter from an officer of NYCAL communicating upon the matters to be considered at the meeting, the text of the proposed extraordinary resolutions for the Meeting and other documents to enable each holder to be present in person or by proxy and vote at the meeting, may be obtained upon request from the office of the attorney for the Guarantors listed below.

For any further information or inquiry contact Mr. Leon M. Cooper, Attorney for the Guarantors at 2029 Century Park East, Suite 1800, Los Angeles, California 90067, Telephone number (213) 551-2700, fax number (213) 556-2021.

Dated at Los Angeles, California, this 26th day of December, 1989.

GUARANTORS:  
NYCAL CORPORATION, A Delaware corporation  
By: LEON M. COOPER, ASSISTANT SECRETARY  
CALIFORNIA NICKEL CORPORATION, a California corporation  
By: LEON M. COOPER, SECRETARY

**SPAIN**

The Financial Times proposes to publish this survey on:

19th February 1990

For a full editorial proposal and advertisement details, please contact:

Richard Olive on 01-577 0889 or write to him at:

Financial Times, Strutton, 38, 20001 Madrid  
Fax: (01) 564 6813

Alternatively:

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FRF 700,000,000  
**GUARANTEED FLOATING RATE NOTES 1988**

For the period December 22, 1989 to February 22, 1990 the rate has been fixed at 11.0825% PA.

Next payment date: February 22, 1990  
Coupon rate: 1

Amount:  
FRF 18052 for the denomination of FRF 10000  
FRF 190521 for the denomination of FRF 100000

The Principal Paying Agent  
**SOCIETE GENERALE ALSACIENNE DE BANQUE**  
15, avenue Emile Reuter  
LUXEMBOURG

**CITY COUNCIL OF BADAJOZ (SPAIN) GENERAL CLERK'S OFFICE**

**ANNOUNCEMENT**

An announcement was published in the Spanish State Gazette of the first of December 1989 concerning the Tender for the Preliminary Project of the Fourth Bridge over the Guadiana River in Badajoz.

**SUBJECT:** The drafting of the Project for the Construction of the Fourth Bridge over the Guadiana River in the City of Badajoz, and also the Architectural Supervision of the Works.

**PERIOD:** OF DOCUMENTS: The Conditions of Contract, Particular Administrative Conditions, Technical Conditions and other documents which it is appropriate to see, may be perused at the General Clerk's Office (Contracts Department) of the City Council of Badajoz (Spain).

**REGISTRATION:** Registration for the Tender will be effected by an application addressed to the Mayor of Badajoz, using a form to be supplied, that being enclosed with the application proof of having paid the sum of 10,000 pesetas to the Cashier's Office of Badajoz City Council or a photocopy stamped by the Bank, of the document of bank transfer made to account number 4318-1, Banco Hispano Americano, Avenida General Rodriguez Bruch (Badajoz).

**CLOSING DATE FOR REGISTRATION:** 8 January 1990

**PREMIUM:** FIRST PREMIUM: 1,000,000 pesetas, award of the completion of the Execution Project, if the contract of completion of the project is not signed within one year, the sum of 2,000,000 pesetas will be paid by way of indemnity and the settlement of obligations.  
SECOND PREMIUM: 2,000,000 pesetas.  
THIRD PREMIUM: 1,000,000 pesetas.

**REGISTRATION FORM**

Mr. \_\_\_\_\_ with National Identity Document No. \_\_\_\_\_  
Mr. \_\_\_\_\_ with National Identity Document No. \_\_\_\_\_  
Mr. \_\_\_\_\_ with National Identity Document No. \_\_\_\_\_

With address for the purposes of the Tender at Street \_\_\_\_\_ number \_\_\_\_\_ province \_\_\_\_\_ post code \_\_\_\_\_ country \_\_\_\_\_ and telephone number \_\_\_\_\_

I/we hereby approved of the Conditions and Requirements of the Tender for Preliminary Projects and Contracting, where applicable, of the Drafting of the Execution Project of the Works of the Fourth Bridge over the Guadiana River in the City of Badajoz (Spain).

**REGISTRATION:** In the aforesaid Tender, accepting all the Conditions and Requirements and formally undertaking to present the documentation required in Clause 3 of the Particular Administrative Conditions together with the work, I further appoint Mr. \_\_\_\_\_ for designation as a member of the jury representing the Tenderer.

Badajoz, 5 December 1989  
(SIGNATURE)

[RUBBER STAMP IMPRESSION READING] MAYOR'S OFFICE, BADAJOZ CITY COUNCIL

**CORRECTION OF THE PUBLICATION OF DECEMBER 18, 1989**

**MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.**  
FRF 900,000,000  
**GUARANTEED FLOATING RATE NOTES DUE 1997**

For the period December 15, 1989 to March 15, 1990 the rate has been fixed at 10.99% PA.

Next payment date: March 15, 1990  
Coupon rate: 12

Amount:  
FRF 26575 for the denomination of FRF 10000  
FRF 285750 for the denomination of FRF 100000

The Principal Paying Agent  
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15, avenue Emile Reuter  
LUXEMBOURG



ARTS

# Our theatre and actors remain the envy of the world

During 1989 the theatre drew inspiration from *Madam Butterfly* and *Cardboard City*, death camps and drink. Michael Coveney reports

In the year that Laurence Olivier died, was buried in a Sussex field and commemorated in Westminster Abbey on the anniversary of Irving's burial in Poets' Corner, excavations on the very doorstep of the *Financial Times* uncovered the old Globe and Rose theatres.

The end of an era is always a sure sign of continuity in the theatre but it was only the agitation of the acting profession that ensured that the discoveries of the Rose, the most important in Shakespearean scholarship since the chance finding of Johannes Willems drawing of the Swan 100 years ago, were fully recognised. In any other European country but ours, the news would have been met with public and political rejoicing and instant Government intervention.

And Olivier was only granted the Abbey honour with it, seemed, grudging reluctance and after a testy letter to *The Times* from John Osborne. Our theatre and our actors in particular remain the envy of the world, but you would never know it from the way they are treated at home. The Royal Court, which is the only theatre in Britain committed to the new writing policy that has revolutionised the British entertainment industry, and a stage where Olivier transformed his own career as Archie Rice in Osborne's *The Entertainer*, was this year compelled to close its Theatre Upstairs, where the newest writers are presented.

In a decade the Arts Council's priorities that the Court has slipped from being the third best funded theatre in Britain to being the sixteenth. Instead, we find new touring companies with an idea about doing *Macbeth* in exotic Balinese style while chopping Foco Novo, for instance, the first company in Britain to operate a multi-racial new writing and touring policy. The Court has now been disastrously smothered in private sponsorship; the work it should be doing is not the sort of thing sponsors want to hear. In the year suggested an improvement when Ian Charleson took over.

But the National, overall, had a good year, even if there are no signs of anything like a permanent ensemble within the bleak fortress. Dorey Lessau's *Straw* retained a consistency. Indifferently defended by the President of RIBA in the great architecture debate - received its compensation in the triumphant Deborah Warner version of Brecht's *Good Person of Szechuan*, Sue Blane designed the interior concrete onto the stage and Brecht's homeless vagabonds became the inhabitants of Waterloo's *Cardboard City*, the all too visible underclass in Thatcher's Britain. This released all the old ironic potency of a play about poverty served before a well-fed audience in warm surroundings. Not since Peter Brook's *Les Iles* has there been such a proposition on the London stage. Fiona Shaw, who had

already given a wonderful study in sexually explorative schizophrenia as Rosalind in Tim Albery's *As You Like It* at the Old Vic, struck at the heart of Shen Teh's moral ambiguity by playing her passion and her anger, unacknowledged aspects of the character's personality, through the clenched half mask of her wicked cousin Shui Ta. Warner went back to Brecht's own American rewrite that incorporated an opium racket into the tobacco shop's dealings; the play was enhanced and enriched beyond measure. This superlative evening belatedly also to Peter Frost's *Seignior*, as indeed there was in Andrew Lloyd Webber's *Aspects of Love* which was handicapped by the awfulness and size of the Prince of Wales Theatre. David Garnett's novel was cunningly adapted, and the score was freshly inventive and touchingly experimental. Roger Colson was a more than adequate substitute and Michael Ball survived a heavy dose of publicity to deliver a fine performance. Director Trevor Nunn redoubled his pleasure

in *The Good Person of Szechuan*, a model village. The architect as artist and destroyer is a renewed figure of the age. More than one commentator rightly exonerated the RSC for bad planning; the production was allocated barely three dozen performances.

The reason for this is that the RSC does not seem to know where its best work is going to happen. Nothing is settled or predictable. Maybe this is a good thing. John Caird, for instance, responded instantly to the *goodbye* Hands wave by setting the Stratford main stage alight not once, but twice, in the season. His revivals of *A Midsummer Night's Dream* and *As You Like It* were sheer pleasure-spreading extravaganzas, both underpinned with stern views on fantasy and escape. David Troughton's Bottom was beyond recent compare, while Sophie Thompson's Rosalind was the most spectacularly brave and ebullient lead performance on this stage since Anthony Sher's Richard III. Sher himself rejoined the RSC to play the lead in Peter Flannery's *Singer*,

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artistic decline as it celebrates 30 years in business, while the Bush is at least doing second plays (by Catherine Hayes and Billy Roche) that hold promise of leading an industry without transforming it. Shared Experience's acclaimed *Heartbreak House* I found self-consciously brittle; on the other hand, *Théâtre de Complicités* delighted with an office fantasy, *Anything for a Quiet Life*, in their Almeida retrospective, and Alan Thomas and Rosalind Knight were among the gifted classical performers throwing in their lot with Julia Bardsley and Phelim McDermott in a memorable, visionary production of Edward Gorey in *The Vinegar Works*, also at the Almeida. This latter venue is set for more great things in the New Year under Ian McDiarmid and Jonathan Kent, among them Glenda Jackson in vintage Howard Barker, *Clare Bloom* in late Beckett, and McDiarmid himself as Volpone, Ian McDiarmid gave the performance of a lifetime in Iris Murdoch's *The Black Prince*, an evening of lyrical comedy and savage delight. Nastiness was all the rage, as Peter

die-brow classic evenings with the ad hoc Alan Bates and Felicity Kendal company at the Strand; I reckon both *Joan*, Bates relating the Chekhov groucher to his Simon Gray days, and *Black Ado*, delightfully designed by Mark Thompson, were underrated. Elijah Moshinsky directed them, and went on to do Ronald Harwood's autobiographical play of political and domestic escape through art, *Another Time*, in which Albert Finney thundered effectively across two generations and Janet Suzman and Sara Kestelman were brilliant in support.

Dustin Hoffman was a spitting, almost comically Hassidic Shylock in Peter Hall's clear and gripping *Merchant of Venice*; not a great evening, but Joan Collins looked a treat in the stails, and Geradine James irradiated a complementary inner beauty on stage as Portia. My favourite visitor, though, was Jackie Mason, who hit London just at the eggs and salmonella scare time and re-wrote his incomparably sardonic script accordingly. He said England was the only country in the world where food was more dangerous than

one of the many resilient old men bullied but uncowed by state censorship over the past two decades.

Meanwhile, our international horizons were once again expanded thanks to the indispensable London International Festival of Theatre, LIFT. Anatoli Vasiliev's *Six Characters of Pirandello* was one of the greatest productions I have ever seen, and the Katona Josef of Budapest, probably the hottest troupe in Europe right now, and the Geneva *Miss Julie* directed by Matthias Langhoff, were welcome and necessary visitors.

Nothing is more deadly at the moment than the critical backlash against directors' theatre. Plays are written to be performed in a theatre, and that entails a creative process of analysis and anatomical research that can, and often should, run counter to mere literary expectations. There is no one view of a play, any more than there is one way of doing it. Vasiliev's Pirandello, for instance, was a creative deconstruction of the sort demanded by such a playwright; to do the play merely as written, as indeed the National did a few years ago, is to duck the interpretative responsibility of the theatrical intervention.

Talking of which, the highlight of the Edinburgh Festival was Yuri Lyubimov's remarkable *Boris Godunov*; the downside of Lyubimov was seen at the Leicester Haymarket where his unforgettable Taganka *Hamlet* of the early 1970s was lamely re-cast with ironic English actors. The sweeping curtain had lost its political significance. Elsewhere in the regions, I sense that the Arts Council support of non-experimental work is taking its toll on the programming. The year was dull, with only fitful signs of life at Manchester and Sheffield and Bristol. Alan Ayckbourn delivered a splendid tirade at the Riverside Standard Awards' lunch about the need for subsidy; his entire commercial career is based on the security and conditions of his Scarborough bolt-hole, where he unravelled one of the great lost plays of the European repertoire, Henry Becque's *Wolf at the Door*. It was like Volpone meets *Three Sisters* in *The Voysey Inheritance*. The Citizens in Glasgow remained interesting; highlights were Philip Prowse's bicentennial *Tale of Two Cities*, done with the masterful style and simplicity of a Giorgio Strehler Goldenrod production, and Giles Havergal's wittily austere adaptation for four actors of Graham Greene's *Travels With My Aunt*.

The ever-extraordinary Helen Mirren and reliably solid Rob Peck teamed beautifully in an Arthur Miller doubt-bait, *Two Women*, at the Young Vic. Eric Porter was a titanic and lyrical Lear in Jonathan Miller's darling Old Vic production, Thelma Holt's international season at the National brought us *Ninagawa* (once more and the seasons of Argentina. Harwant Bains was a promising writer on the epic scale in *Blood*, Paul Bhattacharjee outstanding in the lead, at the Theatre Upstairs.

Which is where we came in. And where I take my leave of the FT arts page for a weekly hit on *The Observer*. I shall miss the page, my colleagues and our readers more than I can say but depart safe in the knowledge that this great newspaper will sustain here its honourable tradition of answering to God while keeping Mammon happy elsewhere.

was a definitive Emilia. Imogen Stubbs a heart-breaking Desdemona, a sexual cherub with Rappenzel hair.

The Royal Shakespeare Company was otherwise thrown into confusion by the sudden announcement that Terry Hands would leave in 1991, aged 50. The succession has not been arranged, applications closed on September 28 and the new artistic director, or pair of them, should be known early in the New Year. Hands has withdrawn from the fray, but Adrian Noble threw his hat decisively into the ring with a blistering revival of the Barlow (from which he has pledged to withdraw the company if put in charge) of *The Master Builder*. John Wood playing Solness as of right, Joanne Pearce a wonderfully seductive and sinister troll awakening the sexually repressed Richard Hudson designed a brilliant set, part attic, part modelism, that aspired with crashing to earth and revealing the fruits of his labours; a dreadful pygmy, neo-classical

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Great performances: Maria Aitken in *'The Vortex'*;



Fiona Shaw in *'The Good Person of Szechuan'* and John Wood with Joanne Pearce in *'The Master Builder'*



John Wood with Joanne Pearce in *'The Master Builder'*

## ARTS GUIDE

### THEATRE

#### London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five mediocre songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zalk's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (784 8851, cc 885 2429).

Jeffrey Bernard Is Unwell (Apollo). Brilliant performance by Journalist who embodies a Falstaffian, may-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2683).

The Good Person of Szechuan (Olivier). Magnificent National Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a vicious disguise. The production is not constricted by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-mounted for the 1980s. Dec 26-Jan 3, Jan 11-18, Jan 29-Feb 3 (899 2923).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Malda Vale. Albert Finney plays father and concert pianist that talent is a means of escape and a reason for not going back. Janet

Simon and Sara Kestelman are electrifying in support (867 1128).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomat hero in a Peter Shaffer-style "spacelike of ideas" dressed up in John Dexter's superb production. He is a superb actor of homosexual life. The transgressive tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (378 8889).

Aspects of Love (Princess of Wales). Andrew Lloyd Webber's latest is an intimate chamber opera derived from David Garnett's 1866 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns projecting the right sense of sly, sardonic innocence. A probable, but unimpressive, hit (899 5972).

#### New York

Heldt Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 30 years in the life of a successful American baby boomer comes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1960s, accompanied by the musical and emotional flavour of the period (238 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belt in the Mexican tradition. Tyne Daly, as the bossy, tireless and tumbling Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself. (245 0102). Grand Hotel (Martin Beck). Tommy Tune, Broadway's pres-

ent musical doctor, directs this revival. The Goodman is to at least shake the bones of this inert depiction of lives cross-cutting in an elegant, but somewhat random setting (245 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Southside-Warehouse musical with imaginative auteurs like Gary Stevens and Steve Hill. The former's *Animal* and the latter's *Ode to St Cecilia* (with students from the Leicester Polytechnic) were two of the most imaginative, haunting shows of the year.

#### Washington

Amie 2 (Opera House). The American theatre is not immune to sequelitis, which plagues the other arts, and here ordains a return trip to the orphanage by Dorothy London surrounded by 12 sets, 35 actors and one dog. Ends Jan 20 (467 4600).

#### Chicago

Driving Miss Daisy (Ortiz Street). The touching relationship between a dowager, played in this production by Dorothy London, and her black chauffeur exposes the changes in the South over the past several decades (945 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (938 9100).

A Christmas Carol (Goodman). For the 12th year, the Goodman company does its holiday thing, with William J. Norris as Scrooge for the 12th year, but a new director, Steve Scott, and a new adaptation by Tom Creamer promise to refresh the familiar. Ends Dec 30 (443 3800).

## December 22-28

### DOMINION THEATRE

A new chorus has entered pantomime folklore. Along with "it's behind you," and "Oh, no you won't," and "wanna go wee-wee" we can add "Burr" chanted with success to the repertoire. It signals the arrival on stage of a big, black man, in satin shorts and a silver halter. Our Frank, Britain's favourite loser, is directing his genius this Christmas to the magic lamp, working all the necessary miracles in *Aladdin*.

He constantly shuffles his feet warily, as if anticipating a mean ad lib from Michael Barrymore's Wishee Washee, and confides his acting to facial twitches. But his good humour and natural affinity with an audience make him a strong addition to a lavish West End pantomime which, for the first time in years, is actually quite enjoyable.

Barrymore, who is rarely off stage, must assume much of the praise. Even when doing nothing he still conveys excitement. He enters at high speed on a Suzuki bike and quickly, in his John Cleese persona, orders two front row seats to leave the auditorium. His pace is relentless, and a limitless ragbag of nonsense songs keep the kids hysterical as they switch from shrieking to giggling around the aisles. He only slips up in the tot-from-the-audience sequence, reducing a five year old boy to tears with the innuendo that his mum is

## Aladdin

### DOMINION THEATRE

a street-walker.

Since the programme notes that the "entire production is under the personal supervision of Norman Murray and Anne Chudleigh" they must share the approval. There are virtually no references to television, either programmes or commercials; there is no smutty winking at the parents - the few blue notes are raced through; there is no concentration on superfluous gits.

There is plenty of plot, even if it is basically rushed through by the interval, and the supporting players have been strongly cast. The Great Sogrenolo's solo magic spot is on the sophisticated side for kids but then Dooby Duck had them in stitches while adults stayed stoney faced. The Roly Polys provide a nice twist as the Chinese Policemen, while Alison McInnes is quite the spunkiest Aladdin to emerge in years. Since Helen Jayne as the Princess has an equally powerful voice their throaty deets were quite a feature.

### Antony Thorncroft

Samuel Beckett, the playwright, died on December 22. An obituary appears on Page 12.

Sir Lennox Berkeley, the composer, died yesterday. An appreciation will appear in tomorrow's *Financial Times*.

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**FINANCIAL TIMES**  
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# FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
Telephone: 01-873 3000 Telex: 922189 Fax: 01-407 5700

Wednesday December 27 1989

## Ceausescu's violent end

OF ALL the revolutions which have taken place in Eastern Europe over the past few months, the Romanian has most closely followed the classical pattern of violence, bloodshed and summary retribution.

Until the week before Christmas when the Romanian security forces fired on demonstrators in the provincial city of Timisoara, the main characteristic of the anti-communist revolt in Eastern Europe had been its peaceful nature. The world marvelled as it watched the overthrow of the communist regimes of first Poland and then, in turn, Hungary, East Germany, Czechoslovakia and Bulgaria under the sheer weight of public opinion without the firing of more than a few shots. No doubt, all these remarkable developments were made possible by the increasing certainty that the Soviet Union, under President Mikhail Gorbachev, would tolerate militarily as it had in earlier years when East Germans, Hungarians and Czechoslovaks rose up in protest against repressive communist regimes. Why should the Romanian revolution, which took place in the same context of Soviet abstinence, have taken such a different course?

There is, it is true, a tradition of violent political upheavals in the Balkans. But that can certainly not be the entire explanation for the explosion in Romania. Rather is it to be found in the exceptionally oppressive regime of the late President Nicolae Ceausescu, harsh, brutal and corrupt even in comparison with other former communist regimes in Eastern Europe. When the lid came off a system which caused so much human misery, material deprivation, inequality and hardship, the backlash was bound to be particularly virulent.

## Suppression

The realisation that, in such circumstances, a relatively peaceful transition to a more popular form of government would provoke a backlash, explains the violent attempts by President Ceausescu and his most faithful henchmen, the Securitate secret police, to suppress the revolution. The ruling family and its closest

supporters did not have the option of retiring gracefully into private life, as some other East European leaders seem to have had. They knew they had no alternative but to fight for their lives.

### Execution

The execution of the President and his equally detested wife Elena, after being found guilty by a military tribunal of a series of crimes ranging from genocide to embezzlement and the destruction of the national economy, must be seen in this context. But secret trials by military tribunals for political and civil crimes, however dastardly, cannot be condoned by those who favour democratic regimes and attached to the rule of law.

The reasons for the summary methods employed to condemn and execute the hated dictator and his wife can be understood in the conditions prevailing in Romania during the last few days. With the outcome of the revolution still hanging on a knife-edge and the Securitate showing unexpected resilience in countering the popular uprising, it must have appeared essential to the leaders of the revolution to rid the country of the leader who, alone, could prolong the conflict.

Yet if Romania is ever to take its place as a respected member of the free world, it must be seen to apply the democratic principles in the name of which its people have carried out their revolution. Any further violent retribution would make a mockery of these claims.

The new government headed by President Ion Iliescu, named yesterday, has the difficult task of restoring stability and a sense of normalcy to a still nervous and tense atmosphere. Its strength, if it can be described as such, resides in the fact that it includes representatives of the two elements which ensured the success of the revolution - the people and the military. It deserves international support. But Romania is in an even more fragile state after its revolution than any of the other Eastern European countries; it will need all the help it can get to pull it back from the brink of chaos.

## Long-termism in the City

When it comes to assessing everyone else's behaviour, the City of London is frequently accused of taking a short-term view. Not so when it comes to the conduct of its own affairs. Since the Crash of October 1987, the return on capital in the domestic securities business has been dismal. Many houses in the international markets have suffered an equally severe profit squeeze. Yet there is no lack of enthusiastic new entrants willing to bring fresh capital to the market and to absorb discarded dealers and unsuccessful firms. In short, long-termism is rife at the operational end of the securities business, despite the existence of several new threats to the profitability of the market.

The most pressing of these threats relates to the forthcoming European directive on investment services. The latest unpublished draft on capital adequacy for non-bank securities firms to emerge from Brussels bears the stamp of judicious lobbying by the West German banking fraternity, which favours high minimum levels of capital in preference to a risk-based approach. As well as making entry to the business expensive, and thus more difficult for innovative smaller firms, this form of regulation could greatly increase the capital requirements of existing London-based securities houses.

**Overkill**  
The German banks argue for more capital mainly on grounds of prudence, others in Europe claim that this is a case of prudential overkill at the cost of an inefficient use of capital. Whatever the respective merits of these arguments there is little doubt that the attractions both of London and the European Community as a home for US and Japanese securities firms would be severely diminished if the relative cost of doing business in Europe were dramatically increased.

### Backwash

Japanese equity warrant-related business has provided the most dynamic area of growth in the London Eurobond market. Yet the Japanese authorities are now keen to repatriate the business, which was originally driven away from Tokyo by restrictive regulation. The backwash here will not be confined to those intimately involved in this seemingly esoteric corner of the City. Already larger Japanese securities houses are considering ways to redeploy their efforts. Nomura International's recent move into the European retail investment management market may well be a small but telling signal. The diversion of more of Japan's huge pool of cheap capital into a wider spread of markets would generate far more turn of the screw for the more hard pressed in London.

That is not to say that the picture is wholly bleak. One of the ironies of the present situation is that some firms on London and Wall Street with interests in Japan are rumoured to be making more out of their tiny market share in Tokyo than they are making out of their much larger market share on their home territory. Corporate finance activity continues to generate fat fees, although the quality of those earnings is admittedly poor. And profitable niches still exist for people who have eschewed the once fashionable notion of the financial supermarket.

But that cannot disguise the fact that the profitability of the core securities business is inadequate. In a world of computerised dealing and increasing liberalisation it is likely to remain so. Even the role of established stock exchanges is coming under competitive threat. With no cushion of retail profits to fall back on, many domestic and foreign securities houses will continue to look to a distant horizon for a respectable return on capital.

In the Romanian border town of Giurgiu last Saturday morning, a peasant family was wheeling the steaming carcass of a pig, just slaughtered, down the truck towards the main road. As it came up to the crowd of people milling about near the border post, the father of the family held up the head, dripping with blood, and yelled: "Ceausescu! Ceausescu!"

At once, the crowd, delighted, began to chant the anthem of this revolution - of which an approximate translation is:

"Ole, ole, ole, ole, Ceausescu's gone away."  
And then, over and over: "Death to Ceausescu! Death to Ceausescu!"

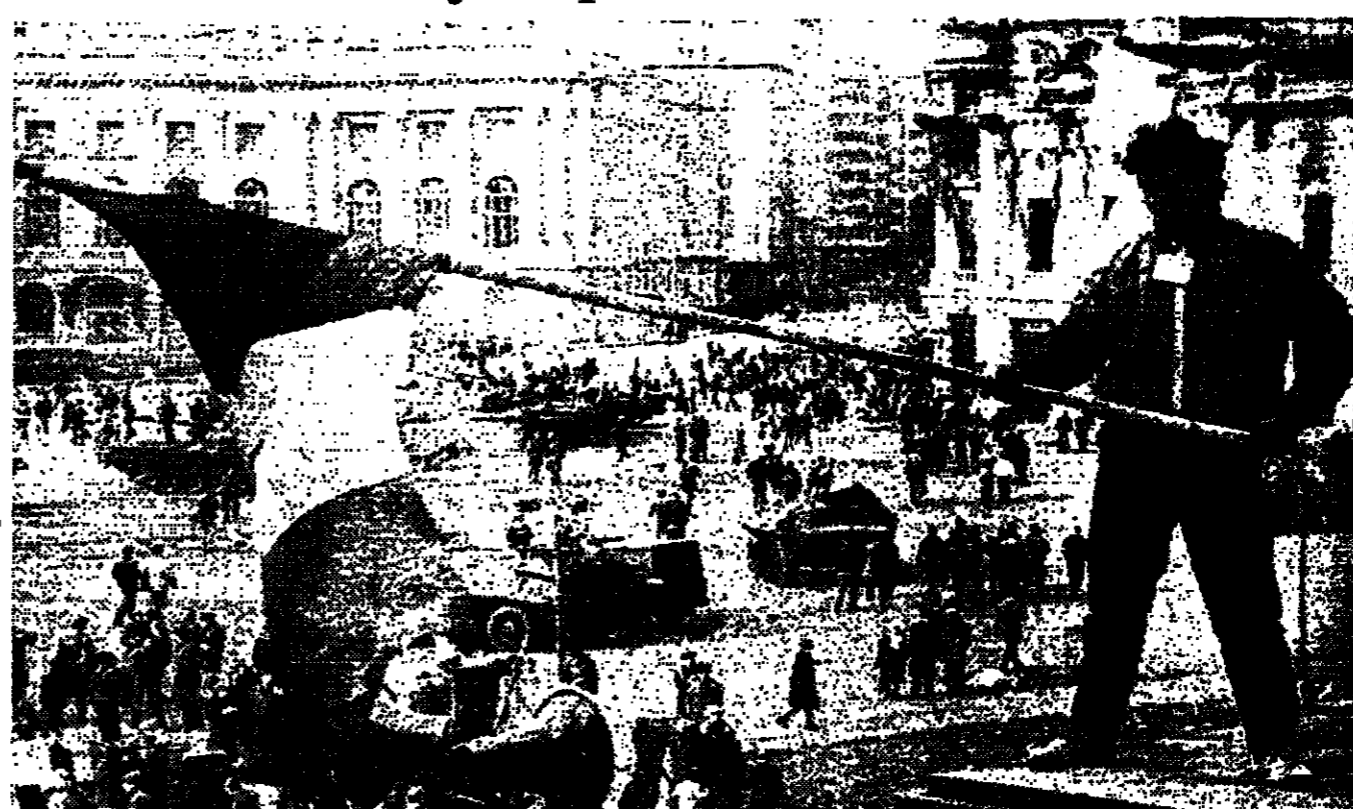
This uprising has not been - as others in eastern Europe have - a successful affair. How could it be? The Ceausescu regime was not merely oppressive, it was barbarous. Those who are making the revolution do not merely want a new government, freedom, a better life. They want the blood. They want to see blood. They want the pig's head held high.

Early yesterday morning, Romanian Television, the artery of the revolution, showed a brief film from Timisoara (where the events began on December 17 with the demonstration in support of Fr Laslo Tokes, the dissident Hungarian priest). The film showed a torture chamber of the Securitate, the security police. A charred corpse lay on a table in a concrete room, electric wires binding the wrists. All about were handfuls of human hair. It made you gag in the throat. It was the last panicky horror of brutes, seeking to terrify back into submission a tide which has now all but engulfed them.

We cannot yet know how many they have taken with them. There has been heavy fighting in Timisoara, off and on, all over the weekend and still on Christmas Day, as the Securitate who had rolled into town last week to quell the revolt continued to fight for their lives. There has been fighting also in Sibru, where Nicu Ceausescu, the disolute son of the dictator, had held court as First Secretary. His private army fought on even after he had been dragged before the television cameras and even restaurants, subjecting people to constant, sometimes tediously pernickety searches; and the militant ardour of the students and young people who began the protest, this gives the city the air of Paris in 1789, losing little of its rawness.

The worst horrors, now, are off the streets. In the Emergency Hospital, Dr Adriana Georgescu, a hollow-eyed surgeon asleep for four days and nights, speaks of operations performed without anaesthetic because stocks have been exhausted. In the cramped wards, young men lie groaning on beds or on camp beds placed between them. On Christmas morning in the Metropolitan (Orthodox) church a Christmas service is conducted. The Metropolitan, Teoctist Botoseanu, venerable and a little shaky, leads the responses as the choir sings. As he invokes the memory of those who have died, a great bell begins to toll over the square below, where the for-

## John Lloyd reports from Bucharest



# Romania's raw, vengeful revolution

building up outside, demanding to be shown the death film, complaining that the army was acting high handedly, and - when the composition of the government filtered out - objecting fiercely that it was led by Mr Ion Iliescu, a Communist, albeit a dissident one.

The continued use of French as a second language makes communication relatively easy here. Taken together with the angry populism of the crowds; the insistent pressure of the little street committees which control Metro stations, intersections, public buildings and even restaurants, subjecting people to constant, sometimes tediously pernickety searches; and the militant ardour of the students and young people who began the protest, this gives the city the air of Paris in 1789, losing little of its rawness.

The worst horrors, now, are off the streets. In the Emergency Hospital, Dr Adriana Georgescu, a hollow-eyed surgeon asleep for four days and nights, speaks of operations performed without anaesthetic because stocks have been exhausted. In the cramped wards, young men lie groaning on beds or on camp beds placed between them. On Christmas morning in the Metropolitan (Orthodox) church a Christmas service is conducted. The Metropolitan, Teoctist Botoseanu, venerable and a little shaky, leads the responses as the choir sings. As he invokes the memory of those who have died, a great bell begins to toll over the square below, where the for-

mer president had nearly finished building his gargantuan Palace. As it does so, shots ring out. Soldiers about the church fire, it seems without aim, in the direction of the Palace. Inside the church, women moan and some weep.

Just beside the Central Committee building is - was - a main university library, a handsome late 19th century structure with two fine domes, both now reduced to a skeleton. Next door was the Securitate building of the presidential guard. When the fighting started last Thursday night, some of them moved to the library to fire on the crowds and the army. The library was shelled and machine gunned to a blazing ruin. Its director, Ion Stoika cries as he talks amid the wreckage of the first folios of Shakespeare, the manuscripts of Rabelais and the many Romanian rare editions and papers which were either burned or reduced to pulp by

This library has been doubly deprived in recent years. It has had no cash with which to buy books; and it has been forbidden to obtain certain books and to lock others away in the basement. Securitate control over this, as everything else, was total. Now at least that will be lifted, though much has been destroyed in the lifting.

The street battles now seem unlikely to return to the level of Friday, Saturday and Sunday. It is not clear how far the Securitate made a serious attempt to counter-attack once the army had joined the people in the night of last Thursday/Friday. How far they merely put up what they must have known would be suicidal last stands.

## Those making the revolution want not merely a new government or a better life. They want blood

the water pumped in afterwards. His assistants are now rooting about in the ruins, seeking to save what they can. One, Dana Nicolescu, says she has taken home with her a hopelessly damaged Shakespeare folio, for safe keeping and to see what may be salvaged. Though rich in treasures,

day there were many stories about pursuit of secret agents through the underground tunnels. One story, told several times and verified by the commander of the building, Col Radulescu, was of a student with an empty gun arresting the Interior Minister (and thus head of security forces) Tudor Postelnicu in a small seventh

but it was no time for close analysis. Two concerns predominated. First, a lingering fearfulness, the continuing belief that the Securitate can in some way regroup and fight back - a tribute to their domination of political and civil life, electric manacles attached to every crevice. And also, constant pleas on the part of Romanians to see their country as one which is waking from a nightmare to normalcy.

"A week ago I could not have spoken to you," says Vlad Leanu, a flight engineer with Tarom, the state airlines, shouting over a fusillade. "You cannot imagine how we have been reduced," says Mircea Stan, a foreign trade official.

Both of these young men were rather privileged. They could travel in the most comfortable English, knew what life was like outside. Yet there is not a shred of loyalty to the old system in them. Simply an assumption that once fear had been released, they could try to live better. Because the Ceausescu created a state ruled so wholly by fear, there appears to be little volition to look for culprits within a *nomenklatura* - everyone was, in a certain way, equal under the terror.

Yet even the most closed of the closed societies (Albania apart) enough filtered in to subvert. Broadcasting from abroad, Radio Free Europe, Voice of America and the BBC World Service were able to circulate news of the events in Timisoara which went around Bucharest like a flash.

Once the uprising had happened, domestic radio and television took over, pumping out a constant awkward diet of unimaginably low technical quality which has done more than the most gracefully crafted documentary to inform and inspire. In this, even more than in Czechoslovakia last month (where broadcasting played a central role) television has sustained the belief that revolution was possible and could succeed; hence the heavy guard outside the studio and the air of siege within.

The shattered rooms of the Central Committee building yesterday, their omnipresent ornament the collected works of Nikolai Ceausescu, offered a unique tableau of the Fall of Tyranny. In the end, nothing saved the terrible family, not their wealth, not their Party, not even their psychopathic guards who scuttled like rats before a people finally risen.

It offered, too, a reminder of how precarious are liberal sentiments. Outside was a crowd baying to be shown the last pictures of the Ceausescus. I heard not one word from the foreign press corps of disapproval at this (nor did I utter any). Nor was there any condemnation of the many who came up to reporters to insist that the Ceausescus should be slowly hanged, or tortured to death or imprisoned in a public cage.

This revolution of a degraded people called forth and inspired a response which was itself inevitably degraded. If that response can be excoriated by the Ceausescus' death, as they are exhibited like the pig's head in Giurgiu before a delighted nation, then the country has a chance to rise once more.

## The Centre goes under

A sad tale came to an end in London just before Christmas. After 21 years of operation, the Trade Policy Research Centre is finally to close. The decision was taken by an Extraordinary General Meeting of the Centre's members last Thursday.

The thing is ironic. One of the few research institutes to take the global trading system as its brief is to cease its operations just as the Uruguay Round enters its final, fraught year.

The Centre has been controversial, but how could an institute whose subject was trade and protectionism do a good job and be anything else? There can be few with an interest in the international trading system who would deny the influence it has exerted through its meetings, its research and its journal - The World Economy.

## Money in cards

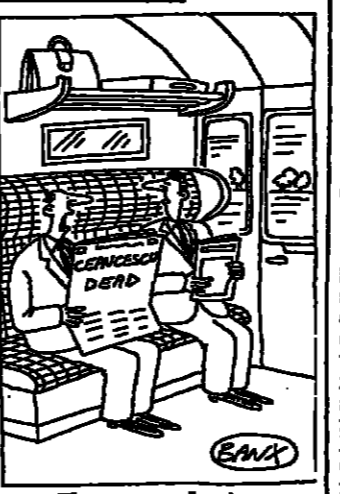
Here is a post-seasonal thought. One of the highest paid executives we have come across is A D Brownword, chairman of The Andrew Brownword Collection Limited, the company which recently acquired another greetings card publishers, Gordon Fraser Holdings Limited.

According to the company's audited accounts, Brownword's personal emoluments last year were £3,616,013 - way above anything received even by the likes of Lord Hanson. The company's turnover was £11.6m and the accounts also note a charitable donation during the year of £5,000.

## GM on screen

Roger and Me was released in the US last week after receiving great acclaim at the New York Film Festival in September. The Roger in question is Roger Smith, the chairman and chief executive of General Motors. And the film has heaped fame and fortune on Michael Moore, its writer and director. Moore is being called a latter-day Mark Twain and Warner Brothers has paid him millions of dollars for the distribution rights.

## OBSERVER



The climactic scene is a kind of Christmas Carol of the car workers. Smith delivers his traditional Chairman's message to his employees worldwide over General Motors' satellite television system. "It is a good time, the only time during the year when people open their hearts freely," he says quoting Dickens.

You see the Christmas Eve eviction of an unemployed car workers' family. The sheriff's men heap children, tree, tinsel and all on a sidewalk in Flint, Michigan. That was the town to which General Motors gave prosperity for 70 years, then withdrew it as the company fired tens of thousands of workers, bulldozed plants and moved its production to Mexico.

Moore grew up in Flint, but had no intention of following his father's example of 22 years on the assembly line. Instead he edited counter-culture newspapers, one of them partially funded by Stewart Mott, the good works heir of a GM founding family.

yacht club to luxury hotel to GM's gloomy headquarters. All he wanted was for Smith to visit Flint to see the devastation he had wrought. The result is a satire being marketed as a comedy. "One of the most entertaining movies of the year," say the Warner ads. But it still hurts. Odd that there has been nothing like it in Britain.

## Dilemmas

It struck me as slightly strange that of the two great dramas to unfold over the holiday period one was in a country that was the model for Ruritania and the other was in a place that might have been referred to as banana republic. No great moral in that, except perhaps that we should never underestimate the capacity of small states to surprise.

Yet in their way both Romania and Panama raised moral questions as old as time. Should you ever assassinate a tyrant, however heinous, without trial? And should the Church be allowed to provide sanctuary to a wanted man like General Noriega? Does anyone really know the answers?

## Variables

Useful fact: the National Audit Office, which has been examining test processing in the Civil service, has discovered that the output per typist in the pool with the greatest output rate of those examined was no less than seven times that of the least productive pool. The NAO also found that the pool with the highest unit costs was six times as expensive as the cheapest pool. There must be some explanation.

## Almost there

A seasonal greeting seen in a New York restaurant window - Pizza on Earth.

GREAT UNPRONOUNCEABLES OF OUR TIME

(Pop-o-catter-pettal, Aztec Popoca to smoke, tepell, a mountain) is easily the most unpronounceable volcano. It rises in the form of a cone to a height of 17,720 feet above the sea-level and is composed chiefly of porphyritic obsidian. Although no eruption has been recorded since 1540, it still smokes. This hot, volatile, Mexican geological peculiarity has no connection whatsoever with the smooth, subtle and infinitely dependable qualities of Bunnahabhain (Bu-na-ha-venn) 12 year old single malt Scotch whisky.

Bunnahabhain is distilled on the Isle of Islay and the pleasures of drinking it are directly proportional to the difficulties of pronunciation.

**Bunnahabhain**  
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# Guy de Jonquières assesses business people who have shaped the decade

## Iconoclasts at work

For businesses worldwide, the 1980s were marked by two overriding themes. First, iconoclasm. Ideas, rules and values which had governed corporate life almost unquestioned, in some cases since immediately after the Second World War, were relegated to the museum.

Sectors such as shipbuilding and steel, once numbered among the "commanding heights" of industrialised economies, were dispatched to the sickbay. An international stampede developed to harness the promise of the fast-growing new technology industries, notably microelectronics, while manufacturing methods were rethought worldwide in the light of intensified Japanese competition.

A new class of heroes was created as the standards and assumptions about the salaried corporate executive to become business role model for the decade. Above all, the market - and in the Anglo-Saxon world, the financial market - reigned supreme, elevating and displacing of favourites, with despotic ruthlessness.

The second dominant trait was accelerated internationalisation. Spurred on by fiercer competition from abroad, the limitations of their home markets, the search for scale economies and advances in communications technology, companies throughout the industrialised world boldly extended their reach. "Globalisation" became the management credo of the decade, earning fortunes for consultants - if not for many businessmen who tried to implement it.

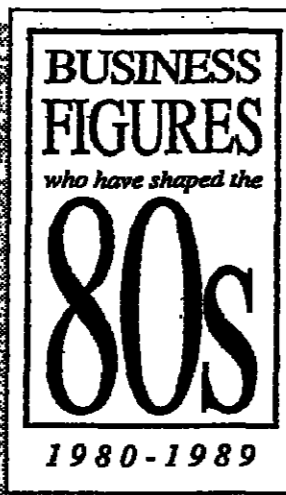
Historians may argue over how far this vortex of creative destruction was due to the actions of individuals and how far to forces which outstripped anyone's control. Yet, in business as in politics, the turbulent 1980s threw up certain individuals who stamped their personal mark firmly on events.

The routine assignment of judicial briefs handed Harold Greene, a hitherto little-known judge at the Washington DC district court, responsibility for reshaping an entire US industry.

In enforcing the 1982 consent decree which ended the Justice Department's anti-trust case against AT&T, Judge Greene supervised one of the largest corporate break-ups in US history, involving the distribution of \$150m of assets. Since then, he has exercised unequalled power over the basic direction of US telecommunications policy.

Similarly, little in the earlier career of Lord Cockfield - a 68-year-old tax expert, retired managing director of Boots and unmemorable former UK Trade Minister - marked him out as a man of the hour when he became European Internal Market Commissioner in early 1985.

Though Lord Cockfield did not invent the single market plan, he made it credible. By basing its new rules firmly on liberalisation and competition, rather than on



1980-1989

Harold Greene

Lord Cockfield

Carlo De Benedetti

Percy Barnevik

Michael Milken

Don Estridge

Akio Morita

Koji Kobayashi

Tadashi Kume

Sir John Harvey-Jones

Rupert Murdoch

long-winded harmonisation, and by keeping unrelenting pressure on EC governments to approve them, he persuaded Europe to view the removal of its internal barriers not just as an ideal, but as an exhilarating inevitability.

No one seized these new opportunities more flamboyantly than Carlo De Benedetti, the Italian financier/industrialist who first attracted international attention when he instituted the recovery of computer-maker Olivetti in the late 1970s. He was quick to grasp that Europe's internal barriers had led over many years to a substantial accumulation of under-exploited and under-valued assets behind national frontiers. If new management could gain control of these assets and use them more efficiently, he reasoned, both their owners and national economies would benefit handsomely.

The most dramatic test of De Benedetti's tactics was his 1987 bid to acquire Belgium's sprawling Société Générale holding company. After months of struggling, his prey escaped into the arms of France's Suez group; since then De Benedetti's drive to lead the restructuring of European industry seems to have lost momentary obscenity. His contribution, however, is to have proved that large contested take-over bids can be mounted across continental European borders.

Bold international mergers and acquisitions were also the route by which Percy Barnevik rose in 10 years from comparative obscurity as an executive with Sandvik, a Swedish specialised toolmaker, to head the world's largest electrical engineering group. Its nucleus was ABB, formed by the merger which Barnevik master-minded between Asea of Sweden and Brown Boveri

of Switzerland in 1988. That deal, the largest in European history, galvanised an industry weighed down by vast excess capacity and a structure which had changed little for 40 years. The result was an avalanche of worldwide rationalisation, as part of which ABB also expanded further into the US by acquiring Combustion Engineering and Westinghouse's electrical transmission equipment business.

Meanwhile, much US industrial restructuring drew its inspiration, not from the boardrooms of great companies, but from Beverly Hills. This unlikely - but not wholly inappropriate - source was the chosen habitat of Michael Milken, certified workaholic and sole inventor of the junk bond market.

His discovery that high-risk securities could be sold successfully if they carried high enough yields

fuelled the wave of hostile takeovers and leveraged buy-outs which reshaped America's corporate landscape in the 1980s. Without Milken and the access to finance he provided, corporate raiders such as Carl Icahn and LBO wizards such as Henry Kravis could never have struck terror into so many American top managers.

At the height of Milken's success, issuing enough junk bonds to satisfy investor demand was his single biggest problem. Today, it is a 90-cent federal indictment on charges of fraud, racketeering and tax law violations. Almost as uncertain as his own future is that of the market he created.

Not all US business coups of the decade were based on financial engineering. IBM's entry into personal computers in 1981 was a textbook case of brilliant marketing, which revolutionised the market by

legitimising the machines as business tools. Unusually in a giant corporation, much of the credit was due to one man, Don Estridge, maverick head of the independent division set up specially to handle the PC launch. Estridge, who died in an air crash in 1985, was the man who introduced bearded youths into the clean-cut button-down world of IBM.

It seems surprising that the feverishly inventive world of electronics produced so few truly memorable figures in the 1980s. That is due in part to a decisive shift in the focus of innovation, away from fundamental laboratory breakthroughs by individuals and towards co-ordinated teamwork in applying multiple technologies.

Nobody mastered that shift better than the Japanese, who during the decade wrested from the US much of its industrial and technological pre-eminence. If Japan's rise was

symbolised in the west by one man, it was Akio Morita, outspoken chairman of Sony. He became a central figure in the increasingly tense debate over US-Japanese relations, harshly criticising American attitudes in a recent book.

However, the Japanese electronic industry's biggest achievement in the 1980s was in developing well beyond the consumer products in which Sony specialises. Koji Kobayashi, with his vision of the coming era of "computers and communications," was among the pioneers of that trend. As chairman of NEC until 1988, he made it a world leader in microchips, supercomputers, mobile communications and facsimile machines, and one of the first Japanese companies to establish large-scale chip production abroad.

Tadashi Kume played at least as influential a role in Japan's motor industry. As head of research and development at Honda, he transformed Japanese cars' image as dowdy products which sold mainly on reliability and price by pioneering innovative engineering and elegant design. As Honda president for the past seven years, he has accelerated its expansion in the US, where it led the Japanese car industry in setting up local production.

By comparison with Japan's industrial performance, Britain's economic "miracle" looks decidedly modest and fragile. Yet the UK's industrial recovery was undeniably one of the business stories of the decade. Sir John Harvey-Jones probably contributed more than any other businessman to its impetus.

IC under his chairmanship, shook up traditional management methods, refocused its businesses and pressed ahead aggressively with international expansion. Even more important, Sir John came to symbolise success to a wider audience. His achievements in the first half of the 1980s served to encourage *les autres* by demonstrating that in some sectors, at least, UK industry could still aspire to world-class standing.

No list of business prime movers would be complete without Rupert Murdoch. By smashing the power of the British print unions, he launched the country's newspaper industry into a new era of production technology and used the hugely increased profits from his own UK titles to finance plans for a global media conglomerate.

An inveterate risk-taker, Murdoch likes to pose as champion of consumer choice and enemy of entrenched monopoly power. His critics, however, accuse him of trying to build internationally just the kind of unaccountable media monopoly he claims to despise.

Mould-breaker or empire-builder? The question provides an appropriate epitaph for the 1980s, when many old business icons were shattered, but many new ones were also erected in their place. The 1990s may show whether the new prove any more durable than those that went before.

## LETTERS

### Against floating exchange rates

From Mr Maurice Nadin.  
Sir, Professor Friedman sets out the case for floating exchange rates (FT, December 18), but not the case for fixed rates, under which exporters and agents dealing abroad in foreign currency make better profits.

This was clearly explained by Paul Sinzig 20 years ago in his book *The Case Against Floating Exchanges*. Indeed, Professor Friedman says he is sceptical that a system of freely floating exchange rates is politically feasible.

Bankers, who make huge profits out of floating exchange rates, are never in favour of fixed exchanges. Professor Friedman says it is only practi-

cal to have our central bank if we had a truly unified European currency. Is this a threat or a promise?

I would far rather have the value of the money I use properly maintained from the Bundesbank or anywhere else, rather than badly maintained (as it is now) from the Bank of England.

To Mrs Thatcher, the loss of sovereignty is all important. To the rest of us, an improvement in the management of our money would far outweigh any loss in prestige.

Maurice Nadin  
Blackhorse,  
Thorpe,  
Egham,  
Surrey

### US thrifts and banks

From Mr Richard Finchell.  
Sir, Your leader on US thrifts (December 6) makes the point that "legislation is needed to restrict (Federal deposit) insurance to the depositor rather than the deposit."

It is generally accepted, not only in the US, but elsewhere, that supervisory control of assets (rather than liabilities) is the key to safe banking. The US is not alone among developed nations in offering 100 per cent insurance of deposits in each selected bank. Canada has a similar system and its banking sector has never been in crisis. In western Europe, many countries provide a state guarantee, not only for 100 per cent of deposits, but also without deposit limit.

When the US government in 1933 enacted 100 per cent

deposit insurance, it had two objectives: to restore public confidence in the banking system and to disperse banking control over the economy as widely as possible by encouraging depositors to put their money in small as well as large banks. Despite huge losses suffered by both US banks and thrifts in recent times, deposits are at record-high levels. The fact that there are today 16,000 independent banks and thrifts must surely indicate that America's banking power is broadly dispersed.

For these historical reasons, it is unlikely that the US Congress would make the changes you advocate in Federal deposit insurance.

Richard Finchell,  
North American  
Financial Markets Ltd,  
28 Welbeck St., W1

### Forestry in Scotland

From Mr G.R. Watt.  
In his article on environmental issues in Scotland (Survey, December 18) Stewart Dalby made a number of statements concerning forestry which require correction.

Investors can expect, and have achieved, higher financial returns than the 1 per cent over 20 years which Mr Dalby reports as a usual commercial return. Returns in the private sector can be expected to be between 5 per cent in real terms, assuming no timber price increases in real terms. It seems inconceivable that trustees of pension funds (among the long-term investors mentioned by Mr Dalby) would proceed with an investment in today's market conditions knowing that it would only yield 1 per cent.

It is not true to say that conifers are planted densely because of high winds. Wind is

certainly an important influence on silviculture, affecting decisions on whether to thin or not, but not on how many trees to plant per hectare.

Dense plantations of conifers can restrict flora and fauna. The trees are not the determining factor, but the density of the stocking. On better quality and at lower elevations conifers can be thinned regularly, providing better conditions for the development of a varied flora and fauna.

The lesson to be drawn from the Flow Country debate is that forestry and conservation interests can work together. At a time when many natural forests are fast disappearing, there is a strong case for re-establishing the woodlands that once existed in Scotland.

G.R. Watt,  
John Clegg & Co,  
2 Rutland Square,  
Edinburgh

### Channel Tunnel economics

From Mr Charles Okeshaliam.  
Sir, A.J. Dewesey (Letters, December 13) is right to criticise British Rail's suggestion that there would be a delay in the introduction of safety measures at Kings Cross if Parliament were to postpone consideration of the Channel Tunnel terminal bill.

However he also says that "Parliament was misled about the need for a link when the Channel Tunnel Act was agreed - MPs should engage in no further debate about BR's proposals until the package as a whole has been announced."

Early decisions on the economics of the Channel Tunnel took into account forecasts primarily based on aggregated data. Since 1987 most forecasts have been derived from disaggregated data. One major benefit of the use of this data for Eurotunnel, cross-Channel

ferry operators, British Rail and other Channel Tunnel forecasters has been the ability to analyse the effect of mode choice and switching (road/rail) by passengers and freight.

A high speed rail link was not deemed necessary in the Channel Tunnel Act because the trend in historic demand and forecasting methods did not suggest this.

It is now clear that the building of the high speed rail link will improve the efficacy and increase the utility derived of the Channel Tunnel itself, ferry operations, transport networks in the south-east corridor and (if extended) the north-south flow of traffic in the UK as a whole. This should be welcomed and further debated publicly particularly in the House of Commons.

Charles Okeshaliam,  
Channel Tunnel Research Unit,  
University of Kent

### Goodwill and conventional accounting

From Messrs Graham Stacy and David Tweedie.  
Sir, Martin Walker (Letters, December 18) says our views on accounting for goodwill (FT, December 7) are incompatible with the conventional method of acquisition accounting. He then misdescribes the conventional method as "the purchase of a subsidiary is treated just like the purchase of any other asset, that is, the price of the acquisition is matched against the financial benefits gener-

ated by the acquisition."

In fact, virtually no company accounts in this way and there is no convention that requires it. The cost of acquiring shares in a subsidiary is normally carried at cost until there is permanent impairment of the carrying value. As goodwill is inextricably bound up with the value of a company or business we believe that accounting for goodwill should be consistent with this approach.

Mr Walker also infers that

we make the assumption that the stream of benefits supporting goodwill will be permanent. We do not. We merely argue that there should not be an automatic assumption that they disappear "systematically" over a predetermined period and that if they are maintained the goodwill does not need to be written off.

Graham Stacy,  
David Tweedie,  
Southbank Towers,  
33 London Bridge Street, SE1

### Dial again

From Mr R.D. Rainbow.  
Sir, Surely the use of the word "zero" instead of "ought" on the telephone and radio causes confusion. Most of us tend to think only either numerically or alphabetically at a time. Shop staff and travel agents sometimes try to write down dictated telephone numbers with "z" (looking like a "2") rather than "0."

R.D. Rainbow,  
31-33 Abington Square,  
Northampton

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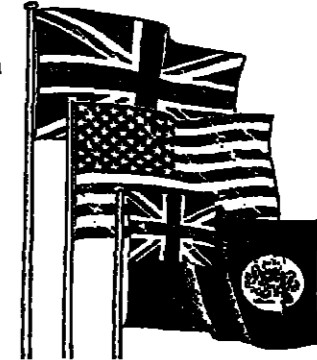
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FINANCIAL TIMES

Wednesday December 27 1989

TAYLOR WOODROW



TEAMWORK IN PROPERTY WORLDWIDE

Japanese central bank lifts discount rate

By Stefan Wagstyl in Tokyo

JAPANESE businessmen and investors yesterday reacted with relief to the Bank of Japan's decision on Monday to raise the official discount rate by 0.5 percentage points to 4.25 per cent, which ended uncertainty about the key monetary policy instrument.

Monday's announcement of the third rise this year brought relief to the markets. The Tokyo stock market rose 38.25 on Monday and a further 257.69 yesterday to a record 38,681.31.

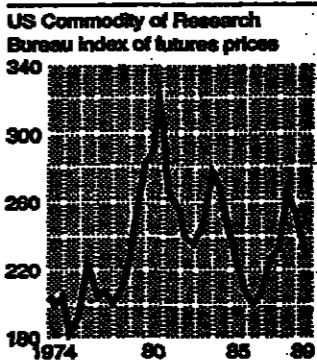
prices. "If we act after price levels have gone up, we would have to raise the rate by a much wider margin and that would have a grave impact on the economy," he said.

that supply was limited. After eight years without an increase, the official discount rate has risen in three steps this year from 2.5 per cent to 4.25 per cent.

Refining the price of commodities

After the inflationary trauma of the 1970s, the long economic upsurge of the 1980s has been partly due to the restraining effect of low commodity prices.

Commodity prices



gin have quadrupled and though revenues are only up by 40 per cent, net income has jumped more than seven times.



Samuel Beckett dies in France

By Anthony Curtis in London

SAMUEL BECKETT, the Irish novelist and playwright who made France his home, died on Friday at the age of 83 and was buried yesterday in Paris.

Beckett's name became widely known in the English-speaking world with Peter Hall's 1955 London production of the enigmatic play Waiting for Godot: the Beckett cult was born overnight.

He was born in the Dublin suburb of Foxrock, an affluent Protestant enclave. His father William Frank Beckett was a civil engineer, his mother May a regular churchgoer and animal lover.

wealthy art collector Peggy Guggenheim. At this period Beckett had thoughts of becoming an academic, and he wrote an essay on Proust, later published.

But his heart was not really in university work; after a period in London where he suffered a breakdown reflected in Murphy, he returned to Paris as a freelance writer and remained there for the rest of his life.

Beckett remained in France during the war, working for the Resistance for which he was awarded the Croix de Guerre. At the liberation he returned to his Paris apartment in the Rue des Favorites, where he lived until 1961 when he moved to the Boulevard St Jacques.

As his reputation increased, Beckett's work became ever more stripped to the bone and impenetrable. A huge academic industry grew around it.

Gorbachev averts party split with mission to Lithuania

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, yesterday postponed a potentially disastrous split in his ruling Communist Party by agreeing to lead a top-level mission to the Baltic republic of Lithuania to head off its threatened secession.

The emergency move, involving a whole team of the top Soviet leadership, came the day after he condemned the Lithuanian Communist Party for attempting to break away from the Communist Party of the Soviet Union (CPSU), charged that such an act could lead to the break up of the Soviet Union itself.

It was decided after two days of extraordinary debate in a full-scale plenum of the CPSU central committee, which once again brought a veiled conservative criticism of the process of political reform, but failed to reach any conclusion about the fate of the Lithuanian Communist Party.

Instead, the plenum gave unanimous support to Mr Gorbachev's rigid line on party unity, but postponed the trauma of an outright split until he has moved to his own personal blend of persuasion and authoritarianism to swing round the rank-and-file Lithuanian Communists.

However, the Soviet leader would appear to have days, rather than weeks, to resolve the inner-party crisis, with another plenum to be summoned on his return.

All the indications are that the CPSU central committee will then move to expel the vast majority of the Lithuanian Communist Party, and in particular its leader, Mr Algirdas Brazauskas. This in turn may simply accelerate the process of Baltic rebellion, encouraging the Communist Parties in both Estonia and Latvia to follow the Lithuanian lead.

The seriousness with which Mr Gorbachev and his Politburo are treating the Lithuanian breakaway was revealed in a doom-laden speech which he delivered to the Central Committee on Christmas Day, and by Mr Vadim Medvedev, his ideology supremo, at a press briefing yesterday.

Mr Gorbachev rejected the Lithuanian move as "illegitimate", declaring that one of the key elements in building a new Soviet Union was "the impossibility to reject the single structure of the CPSU."

"If we cross this line, then we can be said to be deliberately aiming at breaking up the Soviet Union," he said. "This would be a blind alley for all the nations of the Soviet Union."

"The present party and state leadership will not allow the break-up of the federal state."

to maintain the union was still flatly rejected by the leadership. The Soviet Union had denounced the use of force both in Czechoslovakia in 1968, and in its invasion of Afghanistan in 1979, he said.

"We did not do this in order to use military means to resolve problems in the Soviet Union. We stand for political solutions, and on the basis of that we are going to search for ways to resolve the problems of relations between different nationalities in the Soviet Union."

At the same time he echoed Mr Gorbachev's words that the Lithuanian Communist Party's attempt to break away was a grave blow to the whole perspective of relations between different nationalities in the Soviet Union.

In what sounded almost as an appeal for Western backing, Mr Gorbachev warned that any threat of disintegration of the Soviet state could have dire international consequences.

"The existence of a single, firm and powerful Soviet Union is the pressing need of the time, of the whole complex system of international security. No one can be interested in this system's disintegration, that is fraught with the destabilisation of the political situation in Europe and the world."

Israel raids Lebanese bases

By Hugh Carnegie in Jerusalem

ISRAELI FORCES struck deep into Lebanon yesterday in two separate raids which the military said were aimed against Lebanese Communist Party bases involved in launching attacks on Israeli troops and their local allies in Southern Lebanon.

In the biggest raid involving Israeli ground forces since commandos attacked a Palestinian base near Beirut in early December 1988, combined ground and air units swept down on two villages in the southern Bekaa Valley in the early hours of yesterday morning.

Reports from Lebanon said mobile armour drove north from the border security zone occupied by Israel and airborne troops and helicopter gunships joined the raid on the villages of Libaya and Kfar Mishki, firing dozens of shells and rockets.

The Communist Party and other Syrian-backed groups such as Hizbollah, the Muslim fundamentalist militia, are active in the area.

Israel said a number of "terrorists" were killed or wounded and Communist Party posts destroyed during the action, with no Israeli casualties. Later in the day, Israeli fighter aircraft attacked and destroyed the south Lebanon headquarters of the Communist Party in the Syrian-controlled village of Kmalleh, 20 miles south of Beirut, in the 16th air strike into Lebanon this year.

Singling out the small Lebanese Communist party was unusual. Most Israeli raids into Lebanon are against Palestinian or Moslem fundamentalist groups.

But Israeli military officials said the Communist Party had been involved in recent attacks on their forces in southern Lebanon.

Israel budget; Tuva visit, Page 2.

New Romanian government sworn in

Continued from Page 1

capital, where many central buildings are burned out or pock-marked by the thousands of bullets and shells fired by the army against the security forces sniping from windows and rooftops.

formed in recent days. One group, the Romanian Democratic Party, which was formed on Monday, said demonstrations were the only way to place their programme before the people.

new vice president, Mr Dumitri Mazilu, said yesterday that the government would abandon President Ceausescu's controversial plan to demolish thousands of villages. The former President attracted international condemnation for his plan to rehouse peasants in modern agro-industrial complexes. Hungary in particular saw it as a ploy to force the assimilation of Romania's 2m ethnic Hungarians.

Table with columns for City, High, Low, Rain, Snow, Wind, and other weather metrics for various global locations.

US bid to freeze Noriega assets

Continued from Page 1
month and will be done through "self-restraint." The Finance Ministry has been concerned by the damage to smaller investors' confidence by discrimination in favour of large corporate clients and had asked Daiwa to explain in detail why and how the losses were transferred to the unlisted subsidiary, Sanjyo Engineering, a securities sales company.

Daiwa suspends business

Continued from Page 1
the company to sell the stock at a 10 per cent profit to financial institutions to cover the trading losses. Sanjyo is reported to have retained the surplus profit as payment for its work.

Reader's Digest advertisement featuring a diamond logo and text about interim results for 30th September 1989, including financial figures and principal developments.

Sumitomo Trust advertisement featuring a diamond logo and text about interim results to 30th September 1989, including financial figures and principal developments.

**WIPAC**  
Seasons Greetings

FINANCIAL TIMES  
**COMPANIES & MARKETS**  
Wednesday December 27 1989

**IVECO**  
*Ford*  
**TRUCK**  
BRITAIN'S INTERNATIONAL TRUCK MANUFACTURER

**INSIDE**

**In celebration of the unconventional**

While most people were doing their last-minute Christmas shopping last Saturday, Mr Jean Gandois (left) was flying from Paris to a grim, wind-blown coastal plain near Dunkerque. There he laid the first stone of a new aluminium smelter for the French state-owned Pechiney. The move has surprised many industry analysts, who argue that there is no scope for new European production in this sluggish growing industry. So why do it? "I like to do things that interest me," quips the 59-year-old Mr Gandois before surrendering to another of the gales of laughter that punctuate his conversation. William Dawkins, in Paris, examines the reasons for Pechiney's audacious move. Page 15

**The seeds of uncertainty**

The world's seeds business is still in a sticky state. No one knows if this fledgling high-tech industry is going to flower vigorously or wither at birth. Such uncertainty was underlined recently when Royal Dutch/Shell, the oil and chemicals group, said it was considering putting its Nickerson International Seeds Company up for sale. This was a venture to which Shell had previously appeared to attach considerable importance and the move highlights edginess within the industry. Peter Marsh reports. Page 16

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**Chief price changes yesterday**

<b>NEW YORK (D)</b>			
30 Day T-Bill	8 1/4	+ 1/8	
90 Day T-Bill	8 1/4	+ 1/8	
1 Year T-Bill	8 1/4	+ 1/8	
2 Year T-Bill	8 1/4	+ 1/8	
3 Year T-Bill	8 1/4	+ 1/8	
5 Year T-Bill	8 1/4	+ 1/8	
10 Year T-Bill	8 1/4	+ 1/8	
30 Year T-Bill	8 1/4	+ 1/8	
1 Year Note	8 1/4	+ 1/8	
2 Year Note	8 1/4	+ 1/8	
3 Year Note	8 1/4	+ 1/8	
5 Year Note	8 1/4	+ 1/8	
10 Year Note	8 1/4	+ 1/8	
30 Year Note	8 1/4	+ 1/8	
1 Year Bond	8 1/4	+ 1/8	
2 Year Bond	8 1/4	+ 1/8	
3 Year Bond	8 1/4	+ 1/8	
5 Year Bond	8 1/4	+ 1/8	
10 Year Bond	8 1/4	+ 1/8	
30 Year Bond	8 1/4	+ 1/8	
1 Year Swap	8 1/4	+ 1/8	
2 Year Swap	8 1/4	+ 1/8	
3 Year Swap	8 1/4	+ 1/8	
5 Year Swap	8 1/4	+ 1/8	
10 Year Swap	8 1/4	+ 1/8	
30 Year Swap	8 1/4	+ 1/8	
1 Year Future	8 1/4	+ 1/8	
2 Year Future	8 1/4	+ 1/8	
3 Year Future	8 1/4	+ 1/8	
5 Year Future	8 1/4	+ 1/8	
10 Year Future	8 1/4	+ 1/8	
30 Year Future	8 1/4	+ 1/8	
1 Year Option	8 1/4	+ 1/8	
2 Year Option	8 1/4	+ 1/8	
3 Year Option	8 1/4	+ 1/8	
5 Year Option	8 1/4	+ 1/8	
10 Year Option	8 1/4	+ 1/8	
30 Year Option	8 1/4	+ 1/8	
1 Year Call	8 1/4	+ 1/8	
2 Year Call	8 1/4	+ 1/8	
3 Year Call	8 1/4	+ 1/8	
5 Year Call	8 1/4	+ 1/8	
10 Year Call	8 1/4	+ 1/8	
30 Year Call	8 1/4	+ 1/8	
1 Year Put	8 1/4	+ 1/8	
2 Year Put	8 1/4	+ 1/8	
3 Year Put	8 1/4	+ 1/8	
5 Year Put	8 1/4	+ 1/8	
10 Year Put	8 1/4	+ 1/8	
30 Year Put	8 1/4	+ 1/8	
1 Year Swap	8 1/4	+ 1/8	
2 Year Swap	8 1/4	+ 1/8	
3 Year Swap	8 1/4	+ 1/8	
5 Year Swap	8 1/4	+ 1/8	
10 Year Swap	8 1/4	+ 1/8	
30 Year Swap	8 1/4	+ 1/8	
1 Year Future	8 1/4	+ 1/8	
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3 Year Future	8 1/4	+ 1/8	
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1 Year Option	8 1/4	+ 1/8	
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5 Year Option	8 1/4	+ 1/8	
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30 Year Option	8 1/4	+ 1/8	
1 Year Call	8 1/4	+ 1/8	
2 Year Call	8 1/4	+ 1/8	
3 Year Call	8 1/4	+ 1/8	
5 Year Call	8 1/4	+ 1/8	
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30 Year Call	8 1/4	+ 1/8	
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**Here come the years of living dangerously**

Louise Kehoe assesses problems facing the US computer industry

The US computer industry, already battered by intensifying overseas competition and rapidly changing technology, is now at the mercy of a slowing domestic economy and lower capital spending.

The most optimistic analysts are projecting growth in US computer sales of about 8 per cent in 1990; the most pessimistic think it could be as low as 2 per cent. The effects of the slowdown on an industry which has been used to annual growth rates of 30 per cent, or more, is proving dramatic. In the past year, the number of workers in the US industry has been slashed by over 40,000, with lay-offs at Wang Laboratories, Unisys, Control Data, Data General and Prime Computer.



John Akers, IBM's chairman: market of "stress and turmoil"

International Business Machines, the largest computer manufacturer in the world and the bellwether of the US industry, is not immune to the malaise. Its recently announced plans to reduce its US workforce by some 10,000 people through early retirement, and attrition is only the latest stage in a programme of restructuring designed to boost competitiveness.

It is proving a traumatic experience. "Stress and turmoil" were the words chosen recently by Mr John Akers, IBM's chairman, to describe the state of the US computer market.

growth of computer sales conceal a marked disparity in growth rates for the different segments of the industry. Sales growth in minicomputers, for example, has virtually ground to a halt; the same is broadly true of the mainframes. Analysts think growth might reach 1 per cent next year.

Over the past few years, the overall growth rate has been maintained by a sparkling performance from the microcomputer sector, but even the PC market is slowing down. Apple Computer's recent projection of lower than anticipated sales over the Christmas holiday season signals that consumer interest in computers may be waning.

Retailers and manufacturers are scrambling to increase sales with deep discounts and attractive credit terms. Apple Computer is offering shoppers a free 30 day trial of its machines, while IBM is advertising cash refunds ranging from \$50 to \$300.

Storeboard, a market research firm that tracks retail PC sales, says unit growth slowed this year from about 22 per cent in the first quarter to 5 per cent in the current quarter. The company is projecting growth of just 2 per cent in the first quarter of 1990.

Colleagues and competitors agree. "In the 1990s there will be vicious competition in the computer industry," predicts Mr Andrew Grove, president and chief executive of Intel Corporation, the microprocessor group. He foresees a major shake-out among computer makers in the next few years.

Developments in chip technology of the kind pioneered by established semiconductor companies like Intel and Motorola and by start-ups like MIPS are at the heart of the industry's troubles. They have reduced the cost of computing power by a factor of two and left those companies tied to older technologies in a particularly vulnerable position.

As the domestic market slows, US computer makers are focusing more of their efforts on overseas markets. The export push comes, however, at a time of increasing trade tensions between the US and Europe, and a continuing trade battle with Japan.

Many observers believe that the difficulties faced by the computer industry will exacerbate trade tensions already fuelled by complaints from the US semiconductor industry.

Like the chip makers, the US computer industry also faces mounting competition from Asia. Mr Grove, of Intel, warns:

"What has happened in semiconductors is about to happen with computers. The Japanese, and not far behind them, the Koreans and Taiwanese manufacturers are gearing up to produce computers for the US market."

There are clear signs that the Japanese computer industry is gaining ground. Five Japanese companies now rank among the top 20 in the world, up from three a year ago, according to a recent report by Arthur D Little, the management consulting group.

No manufacturer is immune from the microprocessor revolution. The chips that created the personal computer are now finding their way into minicomputers, mainframe-like computers and even supercomputers.

Dozens, sometimes hundreds of chips are wired together to perform computing tasks that traditionally required the power of a larger, more expensive computer. The cost of computing power by a factor of two and left those companies tied to older technologies in a particularly vulnerable position.

The overall figures for the

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**The end of economics — and after**

By Anthony Harris in Washington



Washington has been a revealing vantage point from which to watch the incredible events of the last few weeks. Not that it has offered any special insights on the collapse of Communism; on the contrary, we have had only the distant spectacle seen from the bleachers, and high officials have been reduced to the same passive television-watching role as ordinary citizens, while the CIA has admitted that it knew little of what was impending.

This has been a lesson in itself, though: a footnote to 1989 may describe it as the year which saw the end of the belated illusion — the belief that this the capital of the world, and that everything worth knowing can be learned at a power dinner in Bethesda.

"You know, I've found myself in line waiting to talk to think tanks, or calling parish priests, to get some idea of what's going on," an American colleague remarked in wonder. For a foreigner, outside the circle of intimate top-level briefings, it has been good for the soul to hear such things. President Bush, who has been trying, like an American Cantuile, to persuade his courtiers that America now long rides the tides, may also find some comfort in this new humility.

However, an economic commentator has nothing to boast about. For us, the humiliation goes much further back. When I first joined this profession, we were the acolytes of the high priests, the expert who understood how to run the machine. This was a forgivable illusion in the post-war decades, fears of a post-war slump were made to subside by the growth of new applications. Distribution channels for computers are expected to change radically as large computer makers are forced to find new ways to deliver lower-margin hardware products to the customer. Service and customer support systems are growing in importance as businesses come to rely upon complex networks of computers running sophisticated applications.

It measures trends but misses turning points; it can forecast GNP, but not that fate of particular industries, inflation, but not exchange rates. It is baffled by questions of high finance, of industrial structure, and of personal behaviour. And it is getting worse at the things it does do well, a poetic victim of the ideological wing of the profession. The new conservatism declared war on bureaucracy; one result has been a headlong decline in the quality of official statistics, raw material of modern Gargantuan garbage out.

This may all look a bit hopeless, but really it is a healthy development. A whole new wave of economists is waking up the need to stop calculating, and start thinking about fundamen-

What does the immediate future hold for US computer manufacturers? In the 1990s, computer hardware technology will continue to improve, but with the trend toward standardisation it will become a less significant factor in determining the success and profitability of computer companies, analysts predict. Instead, computer companies will increasingly rely upon software, distribution and service to differentiate their products.

New software will be the key to integrating computers into company systems and creating new applications. Distribution channels for computers are expected to change radically as large computer makers are forced to find new ways to deliver lower-margin hardware products to the customer. Service and customer support systems are growing in importance as businesses come to rely upon complex networks of computers running sophisticated applications.

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**Economics Notebook**

**Britain as a monetary tortoise**

THIS HAS been the year of the tortoise and the hare in the drive for economic and monetary union in Europe.

After Emu emerged as a big issue in the summer of 1988, Mr Jacques Delors, the EC commission president, made all the running in its support, at the expense of Britain's tortoise like financial diplomacy. But in recent months, the UK has begun to recover some ground.

The Treasury's concept of an evolutionary approach to Emu through competing monetary policies has begun to look a little less outlandish than when first floated by Mr Nigel Lawson, the former Chancellor, in September.

Meanwhile, Mr Delors' vision of institutional progress towards a European currency and European central bank which dominated discussion on union for most of 1989, has lost some of its lustre.

The EC Strasbourg summit earlier this month has turned out to be a setback for Mr Delors. The summit put off until the end of 1990 the start of the inter-governmental conference for preparing the EC Treaty amendments that will be necessary for economic and monetary union on the Delors model.

This delay, necessary to meet West Germany's Chancellor Helmut Kohl problems ahead of the German elections, looks likely to slow the drive towards union. The recent dramatic developments in eastern Europe and their probable impact on Germany are providing strong arguments against the EC rushing into new institutional developments.

Since Strasbourg, preparation of the IGC has been entrusted to the EC monetary committee. This could constitute a second setback for the Commission president. The monetary committee, which

comprises central bank and finance ministry officials, has often been a graveyard of bold ideas. It effectively smothered the plan to develop a European Monetary Fund in the two years after the start of the European Monetary System in March 1979.

The ambitious plans of Mr Karl Otto Pöhl, the Bundesbank president, to force undiluted monetary policies in the EC through the Committee of European central bankers are likely to be another brake on Mr Delors' ambitions. Mr Pöhl, who recently took over the chairmanship of the committee for three years, is strongly opposed to the institutional way forward to union, would have liked the start of the IGC to have been delayed beyond 1990 and has spoken warmly of aspects of the British plan.

The governors have a highly developed system of co-operation that could give them a head start over Mr Delors in devising a pragmatic way ahead to union.

The French and West German central banks have already discussed their planned monetary targets with the aim of making them compatible. Mr Pöhl has suggested that their committee could become the "nucleus" of a future central bank.

Finally, the softer tones emanating from Number 10 Downing Street about Britain's eventual entry into the EMS exchange rate mechanism have helped boost the credibility of the Government's policy. The competing monetary policies scheme, in which "good" policies would drive out the "bad", is a development of the existing EMS.

But Britain has not won the argument. Mr Pöhl, for example, has stated that the competing currency idea is no alternative to the Delors report.

Indeed, the Government has probably done little more than recoup ground lost through inept financial diplomacy earlier this year.

By flatly rejecting the Delors Committee report on the day of its publication last April, Mr Lawson prompted wavering countries in the EC to side with the snakeheads for monetary union in the subsequent debate.

The British stance also elevated the Delors report to the status of a blueprint for Emu. Subtle warnings about Emu's dangers which had been inserted into the text by the central bankers on the Delors committee were lost from view in the polarisation of positions that followed the former Chancellor's outright rejection of the report.

It is likely that the British government will find it difficult to persuade its EC partners to drop the Delors prescription of a common currency and central bank so long as the UK stays outside the ERM.

Moreover, ERM entry would not solve a more fundamental difference of views. While apparently willing to join the ERM, Mrs Thatcher remains violently opposed to the idea of a federal Europe. Here she is out of step with some of those who she likes to think of as allies.

"I think I differ from Mrs Thatcher," said Mr Pöhl in a BBC television interview recently. "I think the time for union is over. What we will see in Europe in my view is a kind of federation of independent states, but within a framework of some kind of political union. And in this framework you could also envisage a European Central bank system."

THE ECONOMIC highlight of a week several trumps by Christmas holiday will be the UK trade figures for November, due out on Friday.

The hope among City analysts this week is that the current account data will provide some much-needed Christmas cheer. The range of forecasts by analysts appears wider than normal, stretching from a current account deficit of £1.5bn to £1.5bn, the consensus is for £1.5bn, according to MMS International, the financial research company.

This would represent little change from October's deficit of £1.54bn, which, when released late last month, raised City hopes that Britain's trade performance was at long last showing signs of fundamental improvement.

The main source of guarded optimism about the trade outlook has been the recent performance of exports. In the three months to October volumes of exports, boosted by the weakness of the pound against leading currencies, grew by 3 per cent on an annual basis. This was double the 1.5 per cent growth reported in import volumes over the same period.

If this trend were to be maintained, the trade gap could narrow significantly next year. The Treasury itself expects the annual deficit to fall from an estimated £20bn this year to £15bn in 1990. The Confederation of British Industry is even more optimistic. It forecasts a deficit of £12.5bn by the end of next year.

On the import side, analysts are confident that the sharp slow-down in consumer spending this year will be maintained in 1990. This should reduce the flow of imports into Britain, further helping to redress the trade imbalance.

In the US, the latest leading indicators for the economy, widely regarded as an accurate pointer to future trends, are released on Friday. London broker James Capel notes that the most recent information on the indicators has been incon-

**THIS WEEK**



This announcement appears as a matter of record only  
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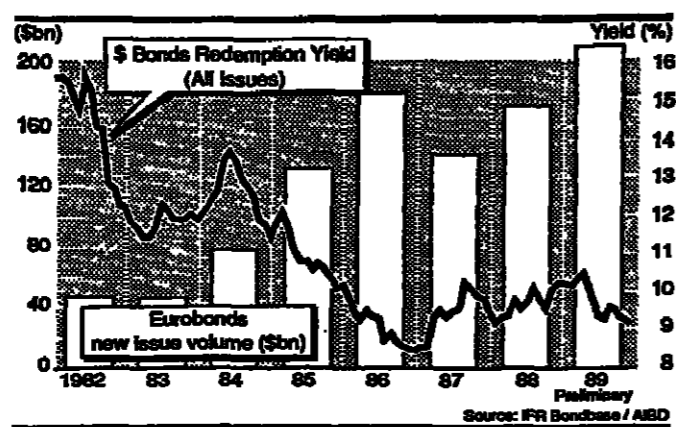
INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

The year of the Japanese equity warrant

IT HAS been the year of the Japanese equity warrant on the Eurobond market. Not only did the instrument dominate the limited profitability of underwriting houses, but at the end of the year its threatened demise raised the spectre of contraction and shake-out on the wider market.

The accelerated intention of the Japanese Ministry of Finance to take greater control over the equity warrant business was a neat and telling assertion of economic reality after months during which Eurobond houses had engaged in tetchy discussions of syndication techniques and business procedures.



mentals were unfavourable. Much of the profit drawn away from the Japanese warrant sector came from convertible deals, or even straight international equity issues.

Behind the scenes, the growth of the private placement business suggested the Eurobond market was still struggling to swerve around the greater regulatory interference since implied by a more assertive Association of International Bond Dealers.

The problem of regulation will be an enduring one for the Eurobond market. Late in the year the issue of convertible debt came to the fore as lawyers suggested that what a lead manager says about a new issue could inadvertently constitute a breach of the law.

Discussion was complicated by overlapping jurisdictions. Precedents in the UK domestic

1989 will be remembered for the syndication debate, the fixed-price underwriting method and a series of innovative and controversial deals which spoke volumes about the market

market, however, led to a noticeable increase in Eurobond lead managers' reticence. In particular, many banks became unwilling to comment on the placement of their issues - who had bought the bonds and how much remained to be placed.

Even UK laws are clear about what constitutes an offence. As long as banks tell the truth, they are within the law. Unfortunately, too many players have decided they prefer to say nothing at all rather than risk a misunderstanding.

tion by lead managers of new issues and changed the prices to stop abuse by unscrupulous banks.

Also in February, a series of high-coupon Australian-dollar denominated dual-currency issues caused controversy when it was claimed that many retail investors did not understand the risk attached to the borrower's currency option. The highest coupon was 20% per cent on a deal for Banque Générale du Luxembourg.

In April CSFB took a calculated risk and ruffled feathers when it brought a \$400m 25-year issue for the Republic of Italy. Institutional investors in the sterling market boycotted the deal, saying the pricing was absurdly tight.

CSFB challenged them to ignore what it said would be a benchmark deal, and argued the institutions were upset because their cozy world had been jolted.

Six months later the bonds were trading very comfortably, and the sterling market was looking more competitive than ever.

J.P. Morgan moved into the spotlight in May when it upset rival banks by withholding information on a deal for ICI, informing the banks moments before it launched a new ICI issue.

Cynics accused it of exploiting a deadline for reform of market practices disallowing the deduction from fees of expenses incurred in supporting the price of a new issue.

The debate over syndication methods moved up a gear. J.P. Morgan stayed in the limelight in June, bringing possibly the most innovative deal of the year, an exchange issue for the Republic of Finland. A basic \$250m seven-year deal carried a novel offer whereby Finland allowed investors to switch out of some of its small previous deals, thereby replacing several old bonds with a single large and liquid new issue.

There was some controversy - rival banks argued that investors not wanting to exploit the offer would be left with the illiquid rump of the existing deals. Take-up of the issue was smaller than expected, but still enough to make the deal a success. The final issue size was about \$325m.

Fears about event risk and leveraged buy-outs largely

killed off the market for corporate bonds until late in the year, when a few deals carrying specific investor protection against event risk met good receptions.

A long-term marker was laid down in September by the World Bank with its successful \$1.5bn global bond issued jointly in the US and international markets. Before it could be launched, however, Morgan Stanley slammed the market by introducing the US-style fixed-price tender method of syndication on a \$500m deal for New Zealand. "The talking is over, at last there is action," said one banker.

Worries about the possible legal implications of keeping quiet about an unsold position in a new issue led Barings Brothers to announce that only 55 per cent of a domestic UK deal for Allied Lyons had been placed. Compliance became a hot topic and underwriting banks suddenly discovered a new usage for keeping quiet about deals.

Italy upped the stakes in October by bringing a \$1.5bn jumbo issue via Morgan Stanley. It tested the fixed-price tender technique (but not too severely) and carried significantly lower fees for underwriting banks.

In November Merrill Lynch brought a \$500m reoffer deal for GMAC that really did test the new method. Two leading supporters of the technique pulled out of the deal at the last minute, ostensibly on price grounds, while the bonds were launched on to a weak underlying market.

The deal survived and performed creditably. But bankers began to remember something they had lost sight of during months of debate - sensible pricing remained the key to success and arguments about syndication were irrelevant if pricing was correct.

In mid-December Daiwa was accused of trying to climb league tables when it launched a \$400m deal for the Republic of Austria, an accusation it hotly denied. Traders said the issue stood out because, in general, there was little blatant league table business during the year. That was a welcome change and perhaps an indication that banks can no longer afford to buy business as they did in the past.

Andrew Freeman

US MONEY AND CREDIT

Federal Reserve hands out its Christmas present

THE MARKET got its long awaited Christmas gift from Washington last Wednesday when the Federal Reserve Board finally cut ¼ point off the Federal Funds rate. But there was nothing warm in Alan Greenspan's manner as he handed out the paltry goodies to the clamouring traders.

This certainly seems to have been the bond market's attitude to almost everything that has happened since the beginning of this year's absurdly extended US holiday season, which seems to have cast a pall over all market activity on Wall Street not just in the week before Christmas but for the month and a half since Thanksgiving on November 23.

Ever since then, the market consensus on the bullish prospects has become overwhelming as the reports of economic weakness and stabilising inflation have flooded in. Yet next to nothing has happened to bond prices. This has caused some investors to wonder whether the bull market has lost momentum, but far more to conclude that the big rally would simply have to wait until after the holiday season.

There is now serious concern among the bullish market analysts about the number of investors who anticipate a major rally the moment normal trading starts in the New Year. Mr Ed Yardeni or Prudential Bache defined the bulls' dilemma admirably just before Christmas: "We're surprised the market hasn't managed to rally. We think it soon will do so. We expect the government bond yield to fall to 7.5 per cent any day now."

"This is a very consensus

forecast, usually the kiss of death for anyone counting on it. If bonds cannot respond to good news, the risk is that prices could decline sharply if the economy starts to heat up to everyone's surprise. Since we are solidly in the bullish camp, our guess is that the bond market is suffering from 'year-enditis'."

Without getting entangled any further in the bluffs and counter-bluffs of the contrarian approach to financial logic, it does seem worth reiterating some fundamental reasons for scepticism about the widely-accepted view that bonds yields will soon fall to 7½ per cent or even 7 per cent.

The bearish implications of the declining dollar could turn out to be the main bond market story of early 1990 and were discussed at length last week. The purely domestic objections to the bullish case are equally telling.

First is the possibility that the US economy may actually have reached, or even passed, its low ebb already. The unexpected 5.1 per cent jump in durable goods orders announced on Friday was one indicator pointing in this direction.

The problems of the housing and car industries are well known, but in both cases the recent cutbacks in demand and production have been so severe that a turnaround may be in the offing. Outside these industries, the US economy is still very far from recession.

This leads to the other domestic objection to the bullish consensus. The current level of real interest rates already seems to allow for any

plausible economic slowdown short of a full-scale recession. With the inflation rate remaining extremely steady above the 4% per cent range, bond yields below 7% per cent seem to have little long-term investment appeal.

The bulls have three possible ripostes. One is that US inflation rate is on the brink of major deceleration. Another is that a classical recession will actually occur in 1990, precipitating very aggressive cuts in short-term rates, as well as a flight to safety into the Treasury bond market from equities and junk bonds.

The third possible reason for bondholders' optimism is that the threat of a recession will force the Fed to ease much more dramatically than it has done so far. This easing will avert actual recession, but will reduce the competition of high money market rates which has made bond investment relatively unattractive since the yield curve became inverted a year ago.

This last scenario of a further pre-emptive easing by the Fed is much the most popular one among bond investors, few of whom actually expect a recession in the next year.

This view seems very plausible on political and historic grounds. The central bank will be under enormous pressure from the White House and Congress to keep the economy growing ahead of the November elections.

For bond investors, however, the idea of a pre-emptive easing begs the all-important question. If the Fed does cut short-term interest rates to avert or delay the next recession, what will this do to the long-term prospects for inflation and bond yields?

If easier monetary policy establishes 4% or even 4 per cent as a floor for inflation in the next stage of the economic cycle, this can hardly be good news for someone committing 30-year money to Treasury bonds on a yield of less than 7% per cent. If the economy does weaken and the Fed does continue to ease, in other words, a major steepening of the yield curve could be in prospect.

Anatole Kaletsky

US MONEY MARKET RATES (%)

	Yearling ending	1st Friday	4 wks ago	12-month high	12-month low
Fed Funds	8.37	8.50	8.25	9.52	8.00
Three-month Treasury bill	7.57	7.78	7.75	8.65	7.15
Six-month Treasury bill	7.56	7.78	7.67	8.65	7.17
90-day Treasury bill	7.55	7.78	7.67	8.65	7.17
30-day Commercial Paper	8.25	8.45	8.25	9.75	8.05
90-day Commercial Paper	8.20	8.32	8.10	10.05	8.14

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk.	Yield	1 week ago	4 wks ago
Seven-year Treasury	100 1/8	-1/8	7.87	7.80	7.74
10-year Treasury	102 1/2	-1/8	7.79	7.75	7.67
30-year Treasury	105 1/4	-1/8	7.70	7.65	7.57

Money supply, in the week ended December 11 MT rose \$3.6m to \$783.1bn.

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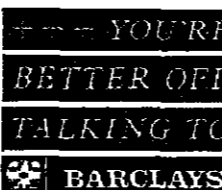
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\* In terms of total assets - The Banker, July 1989  
† 3,790,124 million Iranian Rials translated at the closing exchange rate of 67.1 to 1 US\$  
- as per the Provisional Financial Statements for the Iranian year 1367 (ended 20 March 1989).

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

US suppliers to suspend goods to ailing Campeau

By Anatole Kaletsky in New York

NUMEROUS US apparel suppliers and wholesale merchants said at the weekend that they would suspend shipments of goods to the troubled Campeau retail empire after the company's announcement on Friday that Citibank, its lead banker, had threatened to call a technical default on more than \$2.3bn of debt.

Boeing plans to shed 1,200 employees

By Frederick Oram in New York

BOEING plans to lay off about 1,200 workers despite orders for \$55m of its airliners and delivery dates stretching into the mid-1990s.

In celebration of the unconventional trend William Dawkins on the audacious strategy which transformed the Pechiney group

The bubbly, irrepressible Mr Jean Gandois, chairman of Pechiney, the world's top packaging group and third largest aluminium producer, has been celebrating Christmas in what many might consider an eccentric fashion.



Jean Gandois: 'I like to do things that interest me'

While most people were doing their last-minute shopping last Saturday, Mr Gandois was flying from Paris to Berlin, en route to the coastal plain near Dunkerque.

There he laid the first stone of state-owned Pechiney's new FF5bn (\$82m) aluminium smelter, due to churn out 215,000 tonnes of aluminium per year by 1992, when it will provide more than half of total French output.

issue, including the flotation of 25 per cent of a new subsidiary, broadly grouping the packaging businesses.

And yet, the signs today are that Dunkerque and ANC were extremely astute decisions. The beauty of Dunkerque, explains Mr Gandois, is that it gives the group a highly modern plant near its main markets at a time when the pressure for closure will be on older and less efficient smelters.

COMPANY NEWS IN BRIEF

NISSHO IWAI, the big Japanese trading company, has bought zircon and titanium mines in Australia for A\$250m (US\$150m). The mines satisfy some 6 per cent of world zircon demand and 10 per cent of titanium demand, according to the Japanese company, AP-DJ reports.

Spanish bank to trade shares

BANCO SANTANDER, Spain's fourth largest bank, said its shares are likely to start trading in Tokyo at the end of January after the Tokyo Stock Exchange approved the first listing of a Spanish bank in Japan, Reuters reports.

hidden state support. In the form of cheap electricity prices from Electricité de France, which will sell a temporary surplus of current from its biggest power station at nearby Gravelines and take a stake in the project.

British Steel lodged a complaint with the European Commission's competition authorities, as a result of which Mr Gandois admits that he serious considered shifting the project to a cheap energy country like Venezuela, Australia or Canada. For any delay meant the new aluminium plant risked mistiming its output with the expected surplus of the Gravelines power station.

When aluminium prices fall, clearly the packaging division gains. There is also a strategic fit in that time and other metal packaging demand an increasing amount of high value added alloys, a useful diversification for Pechiney's primary aluminium business.

What Mr Gandois has been doing to France's state-owned aluminium company is one of the clearest examples of the more open attitude being taken by the Socialist Government - within limits - to the management of its public enterprises. It also reflects the extraordi-

ary energy of a man who still finds time to work four days a month at Cockerill-Sambre, the Belgian steel company, where Mr Gandois was called in to engineer a tough restructuring programme five years ago, building the foundations of a profits turnaround which has turned him into a local corporate hero in Belgium.

For Pechiney, state ownership is both a strength and a weakness, reckons Mr Gandois. The advantage is that it makes Pechiney more or less takeover proof. The problem is that the refusal of President François Mitterrand to consider any change in the public sector's ownership structure is beginning to restrict high spending Pechiney's ability to raise cash here in Belgium.

Certainly, flotation of the packaging businesses - itself disapproved of in some government quarters - and the sale of the head office have reduced debts to a "tolerable" level. But Mr Gandois feels it would be risky to increase Pechiney's gearing again and that this hampers his ability to make further takeovers.

The main options he is now considering for bolstering the balance sheet are to divest peripheral businesses, or to follow an example set recently by Rhône-Poulenc's issue of participating securities, and rely on Paris' innovative banking system to concoct some form of equity issue that will allow Pechiney to raise funds without diluting its state shareholder.

US COMMODITIES PRICES

US MARKETS

IN ACTIVE TRADING, orange juice futures rose as the market continued to reflect concern over US crop damage as a result of extreme cold weather, especially in the South-West, reports Drexel Burnham Lambert. Cotton, too, rose sharply on similar concerns, while coffee futures featured heavy fund-type buying as the market rallied in response to possible frost damage to crops in northern Mexico. Sugar rose in sympathy with the cotton and selling which prompted commission house selling in light volume. Cocoa continued lethargic. The energy complex rallied sharply with heating oil posting gains of over 12 cents as the market responded to tightness of supply. The precious metals fell sharply with general long-liquidation touching-off sell steps as pre-year-end position-squaring was seen. Copper rallied with fund buying prompting local buying and commission house steps in a technical move which stalled on profit-taking. Cattle futures rose as cash prices were higher reflecting nearby tightness of supply. Hog futures rallied late in the session as cash prices recovered from earlier weakness. Pork bellies underwent a technical correction on the upside and in anticipation of higher cash prices and lower kills. The grains were mostly lower in lacklustre trading as a result of a lack of export demand, favorable South American weather and a perception that interior US movement of grain will improve as the weather moderates.

New York

Table with columns: Commodity, Close, Previous, High/Low. Includes GOLD, SILVER, COTTON, SUGAR, COFFEE, etc.

CRUDE OIL (Light) 42,000 US galls/3/quarter

Table with columns: Date, Close, Previous, High/Low. Includes Feb, Apr, Jun, Aug, Oct, Nov.

HEATING OIL 42,000 US galls, cents/US galls

Table with columns: Date, Close, Previous, High/Low. Includes Jan, Feb, Jul, Aug.

COCOA 10 tonnes/tonnes

Table with columns: Date, Close, Previous, High/Low. Includes Mar, Apr, Sep, Oct, May.

COFFEE "C" 37,500lbs, cents/lb

Table with columns: Date, Close, Previous, High/Low. Includes Mar, Jul, Sep, Dec, May.

SUGAR WORLD "11" 112,000 lbs, cents/lb

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COTTON 50,000, cents/lb

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ORANGE JUICE 16,000 lbs, cents/lb

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Chicago

SOYABEANS 5,000 bu m/c, cents/100b bushel

Table with columns: Date, Close, Previous, High/Low. Includes Jan, Mar, May, Jul, Sep, Nov, Dec.

SOYABEAN OIL 50,000 lbs, cents/lb

Table with columns: Date, Close, Previous, High/Low. Includes Jan, Mar, May, Jul, Sep, Nov, Dec.

SOYABEAN MEAL 100 tons, \$/ton

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MAIZE 5,000 bu m/c, cents/100b bushel

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WHEAT 5,000 bu m/c, cents/100b bushel

Table with columns: Date, Close, Previous, High/Low. Includes Mar, Apr, Jun, Aug, Oct, Dec.

LIVE CATTLE 40,000 lbs, cents/lb

Table with columns: Date, Close, Previous, High/Low. Includes Feb, Apr, Jun, Aug, Oct, Dec.

LIVE HOGS 30,000 lb, cents/lb

Table with columns: Date, Close, Previous, High/Low. Includes Feb, Apr, Jun, Aug, Oct, Dec.

PORK BELTIES 40,000 lbs, cents/lb

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UK COMPANY NEWS

# Malaysians agree to take 32.5% stake in Unigroup

By Jane Fuller

ANTAH Overseas Holdings, part of a Malaysian investment group, is taking a 32.5 per cent stake in Unigroup, a UK timber, building products and clothing company.

The deal, designed to raise about £3.6m, involves the issue of more than 9m shares in Unigroup at 39p each.

Antah will have voting rights over only 28.7 per cent, so there is no requirement for a full takeover offer to be made.

It is also proposed that a further 1.9m new shares, plus £700,000 cash be given to Mr Peter Yeoh, a Unigroup director, in lieu of earn-outs due for the current year and 1990-91.

As the conversion of Mr Yeoh's 2.6m preference shares into ordinary shares is being brought forward, his total hold-

ing is set to rise to 26.3 per cent.

The payments to Mr Yeoh relate to the £6.7m acquisition of his Malaysian business in June 1987. Mr Yeoh has received £2.14m in preference shares and the new agreement will clear up deferred payments.

Mr James Malthouse, Unigroup's chairman, said there was no link between Antah and Mr Yeoh.

A strong performance from the Malaysian timber operation, including the manufacture of doors for distribution in the UK and elsewhere, helped Unigroup to continue its recovery in the 12 months to June 30, when pre-tax profit rose to £1.2m. About £1.2m was lost in 1988-89.

Interest payments amounted to £320,000 last year and part of

the £3.6m raised from Antah will be used to reduce borrowings.

Mr Malthouse said it would also eliminate the £320,000 preference dividend arrears and pave the way for payment of dividends to ordinary shareholders.

He welcomed the cash injection from Antah, which is listed on the Kuala Lumpur stock exchange and made a pre-tax profit of £17.2m on sales of £202m in the 12 months to March 31. Tunku Imran, Antah's chief executive, said this was the group's first big step into Europe.

Tunku Imran will become non-executive chairman of Unigroup and Antah is appointing two other directors to the Unigroup board. Mr Malthouse and another director will be standing down.

# 55% rise puts Dwyer profits over £3.2m

DWYER, the property investment and dealing company, reported a 55 per cent increase from £2.1m to £3.24m in pre-tax profits in the year to September 30.

Mr Desmond Bloom, chairman, told shareholders that net assets had increased from £31m to £48.4m, equal to 279p per share, a 15 per cent increase on the 244p of a year earlier.

Mr Bloom said that while he remained committed to the stated aim of developing a substantial property group, the criteria for going forward remained the enhancement of assets and earnings per share.

He said that the company was very well secured with a low level of borrowings, and a rent roll that would exceed the finance and overhead costs even with the current high level of interest rates.

Dealing profits rose from £1.49m to £3.57m and net rents from £2.35m to £4.52m and gross profit emerged at £8.09m (£3.85m). Administrative expenses almost doubled at £1.08m (£552,000) and net interest payable surged from £1.2m to £3.8m. Turnover expanded from £13.98m to £28.57m.

After tax of £1.35m (£707,000) fully diluted earnings were just marginally higher at 13.91p (13p), reflecting the £12.7m preference rights issue in May.

A 33 per cent increase in the total dividend to 4p (3p) is proposed via a final of 2.5p.

# Director resigns from Electra Investment

By Clare Pearson

MR ROBERT DRUMMOND has resigned as a director of Electra Investment Trust just 10 months after joining the company, a specialist in unquoted investments which is in the throes of a reconstruction.

Electra said Mr Drummond's departure was "due to a disagreement on matters of company policy."

Mr David Osborne, an Electra director, declined to elaborate on the announcement, which started following the company in the City.

Mr Drummond was recruited early this year from County NatWest where he was a director and managing director of County NatWest Ventures. He was appointed vice chairman of Electra's management company with responsibility for defining and carry-

ing out new unlisted investments.

Mr Osborne said Mr Drummond's departure was unconnected with the restructuring currently underway at Electra, involving the creation of a new fund providing finance for European management buy-outs and other unquoted ventures, and plans to float Electra's management company on the stock market.

As a director, Mr Drummond took an equity stake in the new management company, Electra Kingsway Partners.

Mr Osborne said the reconstruction was proceeding "precisely as planned." Nearly £500m had now been raised towards the new fund, Electra Private Equity Partners, against a target of £550m announced in August.

# WORLD INDUSTRIAL REVIEW

The Financial Times proposes to publish this survey on:

Monday, 8th January, 1990

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# Salvesen pulls out of shipping in £7.5m deal

CHRISTIAN Salvesen, the transport and food distribution group, is withdrawing from shipping after being involved in it for more than 100 years.

It is disposing of those interests for £7.5m to Johnson Group, the Norwegian-based shipping group.

Mr Chris Masters, chief executive of the Edinburgh-based company, said that it was vital that the company concentrated on activities where it had a competitive edge which could be aggressively developed.

The interests include three general cargo vessels of which one is on charter to the CEBG. It also manages three colliers on behalf of the CEBG.

# Royal Bank sells 76% of travel agency for £15m

By David Lascelles, Banking Editor

THE ROYAL Bank of Scotland Group has agreed to sell 76 per cent of AT Mays, its travel agency subsidiary, to Carlson, one of the largest travel companies in the US.

The Royal bought AT Mays only two years ago. But Mr Charles Winter, the group chief executive, said that regulatory complexities had made it hard to cross-sell financial services, for example life insurance, through the Mays branch network.

The trend in the travel business was also towards greater concentration into a smaller number of large companies.

However, by retaining an

equity interest in Mays, he said the Royal group would still be able to channel travel-related services through its branches.

The deal values the stake being acquired at £15m, compared with a total acquisition price of £18.6m. The Royal will also receive a £2.3m dividend from Mays and retain non-travel assets worth £1.1m.

The Royal will retain its remaining interest for at least five years.

Carlson, one of the largest privately-owned companies in the US, said the acquisition would allow it to develop its business in the fast-growing UK market.

# Quiligotti confident after 12% increase in first half

THE OUTLOOK for the current year at Quiligotti, maker of terrazzo floor tiles, looked promising said Mr John Rordan, chairman, in his statement accompanying the interim results.

Current trading was satisfactory, he said, and the board's confidence was demonstrated by an increase in the interim dividend from 0.66p to 0.76p.

In the six months ended September 30 1989 the group increased turnover 19 per cent, from £9.96m to £10.62m, and pre-tax profit 12 per cent, from £1.08m to £1.2m.

Mr Rordan said since the group's launch on the USM last March it had further developed its position as the market leader in terrazzo in the UK.

Ancillary activities in industrial flooring and natural stone products also performed well. The fire surround business had suffered in line with the downturn in the domestic building market.

Earnings in the period worked through at 2.72p (2.71p). The dividend is payable on February 2.

The chairman revealed that the group was reviewing a number of acquisition opportunities, but stressed the approach "was cautious in view of the slowdown in a number of construction related sectors in the UK."

Initial expectations of the marketing venture set up in Ireland were being fulfilled and the outlook was encouraging.

# Noble Raredon affected by start-up costs

Noble Raredon, formerly known as Gnome Photographic and now controlled by Mrs Dilge Nevzat, sister of Mr Asif Nazki, returned profits of £45,000 pre-tax for the 17 months to October 31.

That compared with £487,275 for the year to May 31 1988. Mrs Nevzat said the fall reflected the start-up costs associated with establishing new businesses.

Turnover for the 17 months totalled £11.28m (£2.55m for period). Earnings emerged at 0.22p (2.1p). In view of the reduced profits a nominal dividend of 0.1p (1.3p) is recommended. Current trading was described as satisfactory.

# Six months sees Braithwaite with 44% rise

Braithwaite, the restructured industrial services group, returned profits of £6.2m pre-tax for the six months ended September 30, an improvement of 44 per cent over last time's £4.2m.

The figure was struck after taking account of a £1.04m rise in interest charges to £1.63m. Turnover pushed ahead from £24.5m to £33.22m and earnings emerged at 2.7p higher at 9.6p.

The interim dividend is being lifted from 1p to 1.4p, partly to reduce disparity with the final.

Although the second half started slowly business was now reaching more acceptable levels.

# Local London will hold back Priest Marians

The acquisition of Local London Group by Priest Marians, has "not proved a success and will result in a substantial loss", the property company's chairman, Mr David Auerbach, told shareholders at the annual general meeting.

He added that a string of property sales, designed to reduce gearing, had not progressed as anticipated last autumn and that "there has been an adverse effect on the cash flow of the group."

However, he suggested that the Langham Estate's value should show a significant increase over the last year, when Priest Marians accounts are published early in 1990.

Priest Marians shares fell 9p to 340p ahead of the Christmas break.

# Vista expands

For a consideration of £2.25m, Vista Entertainment is buying Victoria's, the nightclub and disco complex in Glasgow which was an auction room until last August.

The consideration will be met by £1.5m cash and the issue of 4.66m Vista shares, and the deal is subject to shareholders' approval.

# FT SHARE SERVICE

- Conv. Cap. Bond. (Transport).
- Europa Minerals Warrants (Mines-Miscellaneous).
- FTB Warrants 1989/94 (Section: Industrials).
- LWT (Holdings) 3.9375p Conv. Cum. Pfd. (Leisure).
- Malaysian Exporting Cos. Fund (US\$0.01 shs & Warrants) (Trusts, Finance, Land).
- Mediterranean Fund (Investment Trusts).
- Pan Pacific Petroleum (Oil & Gas).
- Pendragon (Motors).
- Regal Hotel Group (Hotels).
- Stewart & Wight (Property).

## COMPANY NEWS IN BRIEF

The following changes in company share stakes have been announced recently:

**AB Electronic Products Group:** Scottish Amicable Investment Managers has acquired 140,900 ordinary, lifting its holding to 2.12m (8.36 per cent).

**Airflow Streamlines:** JFA Smith and BW Sutherland have acquired 5,000 ordinary at £2.22, raising the holding to 945,520 (11.07 per cent).

**Aikens Home Interiors Ltd:** P. Bachmann has acquired 200,000 ordinary at 53p per share, increasing the stake to 4.74m (9.28 per cent). The shares are registered in the name of Russell.

**Alba:** Mrs Jacqueline Harris is now interested in 80,000 ordinary. Mr John Harris, chairman, is interested in these shares following his marriage, lifting his beneficial interest to 8.58m (23.2 per cent).

**Amec Morgan Grenfell Group** and its subsidiaries have a notifiable interest in 3.82m ordinary (5.55 per cent). The shares are held on behalf of

clients whose portfolios are managed on a discretionary basis.

**Anglo-Eastern Plantations:** Govett Oriental has acquired 200,000 ordinary, increasing the holding to 1.2m (5.45 per cent). The shares are registered in the name of Midland Bank (Princess Street) Nominees.

**Apycot Computers:** Singer & Friedlander Group, its subsidiaries and their portfolio customers are interested in 15.12m ordinary (16.36 per cent).

**Audit & General:** Swan Management Services, in which Mr Harvey Selby, A&G chairman and chief executive, has a beneficial interest, has bought 85,000 ordinary at 34p and 8,400 at 34p.

Following the acquisition of 30,000 ordinary from Mr John Hinchliffe, a director, Mr Richard Murray, chairman, now has a beneficial interest in 7.91m and Mr Hinchliffe has an interest in 36,708.

**Barclay Bechman Group** has bought 25,000 ordinary and now has 525,000 (2.3 per cent).

**Berlford International:** LJ

Goodman has acquired 9.68m ordinary, lifting the holding to 57.69m (11.8 per cent).

**Bestwood:** JH Furlong, a director, has acquired 72,500 ordinary, increasing the holding to 2.98m (8.21 per cent).

**Bexbuild Developments:** Mr Tom Tutton, a director, has bought 2,500 shares at 105p per share.

**BMSSE:** Royal Life Investment Division is the beneficial holder of 383,000 ordinary (8.26 per cent). The shares are allocated to the Royal Insurance 'B' account.

**British & Commonwealth Holdings:** Scottish Amicable Investment Managers now holds 20.24m ordinary stock units (5.61 per cent).

**British Mehair Holdings:** Lawrie Group has acquired 110,000 ordinary, raising its holding to 3.72m (28.02 per cent).

**Business Technology:** Concorde Corporation (formerly Berytux Investment Company) has acquired 118,500 shares. It now has a total 3.44m (28.11 per cent).

## FT SHARE SERVICE

- Conv. Cap. Bond. (Transport).
- Europa Minerals Warrants (Mines-Miscellaneous).
- FTB Warrants 1989/94 (Section: Industrials).
- LWT (Holdings) 3.9375p Conv. Cum. Pfd. (Leisure).
- Malaysian Exporting Cos. Fund (US\$0.01 shs & Warrants) (Trusts, Finance, Land).
- Mediterranean Fund (Investment Trusts).
- Pan Pacific Petroleum (Oil & Gas).
- Pendragon (Motors).
- Regal Hotel Group (Hotels).
- Stewart & Wight (Property).

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of the Company in the United Kingdom. It is emphasized that no application has been made for the Ordinary Shares to be admitted to listing. Conditions of such permission being granted 20,000,000 Ordinary Shares of 10p each of the Company have been placed by Beeson Gregory Limited and Matheson Securities Limited.

# JUSCO CO. LTD.

## NOTICE OF FREE SHARE DISTRIBUTION

At the meeting of the Board of Directors of the Company held on December 11, 1989, it was resolved that a free distribution of shares be made as follows:

Effective April 6, 1990, new shares shall be issued with regard to a part of the amount capitalised in account of Profit Reserve pursuant to Article 293-3-2 of the Japanese Commercial Code, the amount of such new shares being a sum determined by multiplying the number of new shares to be issued as stated in Paragraph 1 below by 950:

- The number of the new shares to be issued:

Shares of the registered form, par value common stock in such number as shall be determined by multiplying the total number of issued shares as at 3.00 p.m. February 20, 1990, Japan time, by 0.05; Provided, however, that fractional shares of less than one share arising from the calculation shall be discarded.

- Issue price:

¥50 per share; Provided, however, that no subscription money shall be collected.

- Method of allotment:

The new shares shall be allotted to the shareholders appearing in the register of shareholders as at 3.00 p.m. February 20, 1990, Japan time, at the rate of 0.05 share for each share held by them; Provided, however, that fractional shares of less than one share arising from the allotment shall be sold as a whole and the proceeds shall be distributed to the holders of such fractional shares in proportion to their fractional interests.

- Date from which dividend is calculated:

February 21, 1990.

- All other matters necessary for the issuance of the new shares shall be determined at a meeting of the Board of Directors to be held hereafter.

Hill Samuel Bank Ltd.,  
45 Beech Street,  
London EC2P 2LX.

## The Global Group plc

(Incorporated and Registered in England No. 1388965)

This advertisement is issued in connection with a Placing

20,000,000 Ordinary Shares of 10p each at 25p per share

Sponsored by  
**GUINNESS MAHON & CO. LIMITED**

Placed by  
**BEESON GREGORY LIMITED**

Authorized	Share capital	Issued and now being issued, fully paid
£15,000,000	£15,000,000	£1,176,276

The principal activities of The Global Group plc are freezing, packaging and cold storage of produce; warehousing; distribution services; storing and related services; the import, export and wholesale of meat and meat products; and the manufacture, processing and marketing of meat and other specialist food products.

Particulars relating to the Company are available in the Brief Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (Bank Holidays and Saturdays excepted) up to and including 11 January, 1990 from the Company's registered office, Cranbrook House, Redlands, Colindale, Surrey and from:

Beeson Gregory Limited  
The Registry, Royal Mint Court  
London EC2M 4EY  
and on 27th and 28th December, 1989 from The Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DQ.

Guinness Mahon & Co. Limited  
38 St. Mary's Hill  
London EC2M 4AJ

Matheson Securities Limited  
19 St. Helen's Place  
London EC2A 5DE

27th December, 1989

## Advertise your house

in full colour in the Weekend FT.

To find out more, call Lesley Proctor  
on 01-873 4896

## CVAS 2 LIMITED

U.S. \$100,000,000

Secured Floating Rate Notes due 1993

Interest Rate 6.25% p.a. Interest Period December 27, 1989 to June 25, 1990.

Interest Payable per US\$100,000 Note US\$4.10 p.a.

From 27, 1989, London  
By Citicorp, N.A., ICBSI Dept., Agent Bank

## Marine Midland Bank N.A.

U.S. \$125,000,000

Floating Rate Subordinated Capital Notes due 1996

For the three months 21st December, 1989 to 21st March, 1990 the Notes will carry an interest rate of 3 3/4% per annum with a coupon amount of U.S. \$217.19 per U.S. \$100,000 Note and U.S. \$1,085.94 per U.S. \$50,000 Note. The relevant interest payment date will be 21st March, 1990.

Listed on the London Stock Exchange

Beeson Trust Company, London. Agent Bank

## Eni International Bank Limited

U.S. \$200,000,000

Guaranteed Floating Rate Notes due 1993

Unconditionally and irrevocably guaranteed by Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period December 27, 1989 to March 27, 1990 has been fixed at 8 1/4% per annum. Interest payable on March 27, 1990 will be US\$12.50 per Note of US\$100,000.

Agent  
Morgan Guaranty Trust Company of New York  
London Branch

## VITAMIN LTD.

Series B

US \$80,000,000

Secured Floating Rate

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 22nd December, 1989 to 21st June, 1990 has been fixed at 8.55% per cent. per annum.

The amount of interest payable on the relevant interest payment date, 21st June, 1990 will be US\$ 34,306.66 per US\$100,000 principal amount of Notes.

Nippon Credit International Limited  
London  
Agent Bank

## ANSETT AIRCRAFT FINANCE LTD

UP TO US\$ 185,000,000  
F.R.N. due 2001

Notes are hereby given that the rate of interest for the period from 27th December, 1989 to December 28th, 1990 has been fixed at 8.75 per cent per annum. The coupon amount due for this period is US\$ 214.47 per US\$ 100,000 denomination and US\$ 1,072.33 per US\$ 500,000 denomination and is payable on the interest payment date March 28th, 1990.

The Fiscal Agent  
Banque Paribas Luxembourg  
10A, Boulevard Royal  
L-1011 Luxembourg  
Tel: 47.71.91

Member of the Board of Directors  
General Manager

## VESTLANDSBANKEN

US\$5,000,000

Subordinated Floating Rate Notes Due 1992

For the six months, 19th December 1989 to 19th June 1990 the interest rate has been fixed at 9.025% per annum. Interest payable on 19th June 1990 will be \$21,802.08 per note of US\$500,000 denomination.

Christiana Bank  
London Branch  
Agent Bank

## GRANVILLE SPONSORED SECURITIES

Capitalisation	Company	Price	Change on week	Gross Div. Yield	Yield % P/E
6000's					
8005	Asst. Brit. Ind. Div.	337	0	10.3	3.1 9.1
425	Amey and Hodge	25	0	10.3	3.1 9.1
11523	Bardon Group (SE)	168d	+9	4.3	2.6 16.3
18130	Bardon Group Co. Prof. (SE)	104	+1	5.7	6.4 4.4
4597	Bray Technologies	76	+1	5.9	7.8 6.7
68	Brenhill Corp. Prof.	99	0	11.0	11.1 1.2
	Brenhill B's New C.C.R.P.	79	0	11.0	11.1 1.2
1178	CEI Group Ordinary	318d	+1	14.7	4.7 3.8
2163	CEI Group 1 1/2% Conv. Pfd.	175	0	14.7	4.5 3.4
16780	Carbo Pk (SE)	210d	0	7.8	3.6 12.4
770	Carbo 7 1/2% Pfd (SE)	110	0	10.3	9.4 4.4
2133	Multihomes N.V. (AmSD)	280	+6	10.3	9.4 4.4
25189	Jackson Group (SE)	108	+1	3.6	3.3 12.6
17760	Scrutton	370	0	18.7	4.0 9.8
9242	Turkey & Carfile	299	0	9.3	3.1 10.4
1510	Robert Jenkins	149d	+2	16.0	6.8 5.4
3442	Trehan Holdings (USM)	104d	0	2.7	3.4 8.6
	Universal Europe Conv. Pfd.	360	0	5.3	5.8 4.2
5658	Victory Drug Co. P.L.C.	352	0	22.0	6.2 9.4
6832	W. S. Yates	305	-7	16.2	5.3 25.4

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA. These securities are dealt in strictly on a matched buy/sell basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities. \* These securities are dealt on a restricted basis. Further details available.

Granville & Co. Limited  
77 Mansell Street, London E1 6AF  
Telephone 01-486 1212  
Member of TSA

Granville Davies Limited  
77 Mansell Street, London E1 6AF  
Telephone 01-486 1212  
Member of the ISE & TSA

## FINANCIAL TIMES STOCK INDICES

	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	1989 High	1989 Low	Since Compilation High	Low
Government Secs.	84.49	84.49	84.45	84.16	84.04	83.99	89.29	82.93	127.4	49.18
Fixed Interest	92.67	92.67	92.41	92.33	92.28	92.25	99.59	92.02	105.4	50.53
Ordinary	1868.2	1858.8	1866.0	1892.5	1864.5	1851.7	2008.6	1447.8	2008.6	49.4
Gold Mines	312.9	315.0	313.1	311.3	315.2	308.4	317.8	154.7	734.7	43.5
FT-Act All Share	1177.11	1173.40	1176.10	1168.64	1175.95	1169.73	1225.80	921.22	1238.57	61.92
FT-SE 100	2362.0	2353.0	2360.7	2342.1	2358.5	2344.7	2426.0	1782.8	2443.4	98.9

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 39p per minute peak and 25p off peak, inc VAT

AUTHORISED UNIT TRUSTS

Main table listing various unit trusts with columns for Name, Unit Price, and other financial details. The table is organized into multiple columns and rows, covering a wide range of investment products.

GUIDE TO UNIT TRUST PRICING
UNIT TRUST PRICING
UNIT TRUST PRICING
UNIT TRUST PRICING
UNIT TRUST PRICING

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FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Type, and Price. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0898 4 + the digit code (listed below). Calls charged at 89p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information, organized into columns for various categories like 'Premier Life Assurance Co Ltd', 'Prudential Holdings Pension Ltd', 'Scottish Equitable Life Assn', etc. Each entry includes fund names and associated codes.

OFFSHORE AND OVERSEAS

GUERNSEY (SB REGISTERED)

MANAGEMENT SERVICES

LOM (SB REGISTERED)

LUXEMBOURG (SB REGISTERED)

JERSEY (SB REGISTERED)

SWITZERLAND (SB REGISTERED)

CANADA (SB REGISTERED)

GUERNSEY (\*\*)

JERSEY (\*\*)

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FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, including sections for 'ISLE OF MAN', 'LUXEMBOURG', 'OTHER OFFSHORE FUNDS', and 'OFFSHORE INSURANCES'. Each section lists various unit trusts with their respective performance metrics and details.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for 'BRITISH FUNDS', 'BRITISH FUNDS - Contd', 'LOANS', 'FOREIGN BONDS & RAILS', 'AMERICANS', 'CORPORATION LOANS', and 'COMMONWEALTH & AFRICAN LOANS'. It provides detailed information on various investment vehicles and their performance.

UNIT TRUST NOTES
These notes are intended to provide information to investors about the risks and returns of unit trusts. They should be read carefully before investing.

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak. Inc VAT

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks including IBM, Microsoft, and various pharmaceuticals with columns for stock name, price, and date.

CANADIANS

Table listing Canadian stocks including Alcan, Inco, and various resource companies with columns for stock name, price, and date.

BANKS, HP & LEASING

Table listing bank and leasing stocks including Citicorp, Citicredit, and various financial institutions with columns for stock name, price, and date.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks including Heineken, Carlsberg, and various beverage companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS - Contd

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks including ICI, Shell Chemicals, and various chemical companies with columns for stock name, price, and date.

DRAPERY AND STORES

Table listing drapery and store stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

ELECTRICALS

Table listing electrical stocks including British Telecom, British Telecom, and various utility companies with columns for stock name, price, and date.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks including Asda, Asda, and various food retailers with columns for stock name, price, and date.

DRAPERY AND STORES

Continuation of Drapery and Stores stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

ENGINEERING - Contd

Continuation of Engineering stocks including BAE Systems, BAE Systems, and various engineering companies with columns for stock name, price, and date.

ELECTRICALS

Continuation of Electrical stocks including British Telecom, British Telecom, and various utility companies with columns for stock name, price, and date.

FOOD, GROCERIES, ETC

Continuation of Food and Grocery stocks including Asda, Asda, and various food retailers with columns for stock name, price, and date.

DRAPERY AND STORES

Continuation of Drapery and Stores stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) stocks including British Airways, British Airways, and various industrial companies with columns for stock name, price, and date.

ELECTRICALS

Continuation of Electrical stocks including British Telecom, British Telecom, and various utility companies with columns for stock name, price, and date.

FOOD, GROCERIES, ETC

Continuation of Food and Grocery stocks including Asda, Asda, and various food retailers with columns for stock name, price, and date.

DRAPERY AND STORES

Continuation of Drapery and Stores stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) stocks including British Airways, British Airways, and various industrial companies with columns for stock name, price, and date.

ELECTRICALS

Continuation of Electrical stocks including British Telecom, British Telecom, and various utility companies with columns for stock name, price, and date.

FOOD, GROCERIES, ETC

Continuation of Food and Grocery stocks including Asda, Asda, and various food retailers with columns for stock name, price, and date.

DRAPERY AND STORES

Continuation of Drapery and Stores stocks including Debenhams, Debenhams, and various retail companies with columns for stock name, price, and date.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads stocks including Bovis Lend Lease, Bovis Lend Lease, and various construction companies with columns for stock name, price, and date.

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LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 36p per minute peak and 25p off peak, inc VAT

LEISURE

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Newsprint, etc.

TRANSPORT

Table of Transport stocks including British Airways, British Airways, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including British Land, British Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including British Petroleum, British Petroleum, etc.

MINES - Contd

Table of Mines stocks including Anglo American, Anglo American, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including British Aerospace, British Aerospace, etc.

PROPERTY

Table of Property stocks including British Land, British Land, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including British Land, British Land, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including British Petroleum, British Petroleum, etc.

PLANTATIONS

Table of Plantations stocks including British Petroleum, British Petroleum, etc.

THIRD MARKET

Table of Third Market stocks including British Petroleum, British Petroleum, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including British Petroleum, British Petroleum, etc.

Investment Trusts

Table of Investment Trusts stocks including British Petroleum, British Petroleum, etc.

Finance, etc.

Table of Finance, etc. stocks including British Petroleum, British Petroleum, etc.

Finance, etc.

Table of Finance, etc. stocks including British Petroleum, British Petroleum, etc.

Finance, etc.

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Finance, etc.

Table of Finance, etc. stocks including British Petroleum, British Petroleum, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including British Petroleum, British Petroleum, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including British Petroleum, British Petroleum, etc.

SOUTH AFRICANS

Table of South Africans stocks including British Petroleum, British Petroleum, etc.

TEXTILES

Table of Textiles stocks including British Petroleum, British Petroleum, etc.

TOBACCO

Table of Tobacco stocks including British Petroleum, British Petroleum, etc.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including British Petroleum, British Petroleum, etc.

WATER

Table of Water stocks including British Petroleum, British Petroleum, etc.

OIL AND GAS

Table of Oil and Gas stocks including British Petroleum, British Petroleum, etc.

WATER

Table of Water stocks including British Petroleum, British Petroleum, etc.

OIL AND GAS

Table of Oil and Gas stocks including British Petroleum, British Petroleum, etc.

WATER

Table of Water stocks including British Petroleum, British Petroleum, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including British Petroleum, British Petroleum, etc.

PROPERTY

Table of Property stocks including British Petroleum, British Petroleum, etc.

PROPERTY

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CURRENCIES, MONEY AND CAPITAL MARKETS

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns for currency, date, and various rates. Includes US, Canada, Australia, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns for currency, date, and various rates. Includes UK, France, Germany, etc.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Large table showing FT-Actuaries World Indices for various countries and regions, including Australia, Canada, France, Germany, etc.

MONEY MARKETS

D-Mark likely to rise against dollar

TRADING INEVITABLY wound down last week ahead of the Christmas holiday, but the immediate prospects suggested a strengthening of the D-Mark against the dollar.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies like DM, Yen, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for different terms and currencies.

£ IN NEW YORK

Small table showing the value of £ in New York.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

STERLING INDEX

Table showing the Sterling Index for various dates.

OTHER CURRENCIES

Table showing other currencies like Argentine, Australian, etc.

CURRENCY RATES

Table showing currency rates for various countries and currencies.

LONDON MONEY RATES

Table showing London money rates for various terms.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

MONEY RATES

Table showing money rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various terms.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data.

BASE LENDING RATES

Table showing base lending rates for various banks.

PERSONAL PENSIONS advertisement by The Financial Times, including contact details for Richard Beccle.

BANK OF ENGLAND TREASURY BILL TENDER advertisement with details on bids and interest rates.

WEEKLY CHANGE IN WORLD INTEREST RATES advertisement showing changes in various interest rates.

LONDON RECENT ISSUES

Table showing London recent issues for various companies.

FIXED INTEREST STOCKS

Table showing fixed interest stocks and their prices.

JOTTER PAD

Jotter Pad advertisement for a crossword puzzle.

CROSSWORD

Crossword puzzle grid and clues.

Franklin Savings Association advertisement for U.S. \$250,000,000 Collateralized Floating Rate Notes.

CHICAGO advertisement for U.S. Treasury Bills and other financial instruments.

RIGHTS OFFERS advertisement listing various rights offers.

FT-SEE 100 advertisement for financial forecasting services.

STANDARD & POOR'S 500 INDEX advertisement for investment services.

Advertisement for a financial service or product.

Advertisement for a financial service or product.



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WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock market data including company names like Austria Airlines, Creditanstalt, and various indices.

FRANCE

Table of French stock market data including companies like Air France, Bouygues, and various indices.

GERMANY

Table of German stock market data including companies like Volkswagen, Daimler-Benz, and various indices.

ITALY

Table of Italian stock market data including companies like IRI, Eni, and various indices.

NETHERLANDS

Table of Dutch stock market data including companies like Shell, Unilever, and various indices.

GERMANY (continued)

Continuation of German stock market data.

FRANCE (continued)

Continuation of French stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

FRANCE (continued)

Continuation of French stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

GERMANY (continued)

Continuation of German stock market data.

ITALY (continued)

Continuation of Italian stock market data.

NETHERLANDS (continued)

Continuation of Dutch stock market data.

CANADA

Table of Canadian stock market data including companies like Alcan, Inco, and various indices.

INDICES

Table of various stock indices including Dow Jones, Nikkei, and others.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York with columns for stock name, price, and change.

CANADA TORONTO

Table of active stocks in Toronto with columns for stock name, price, and change.

TOKYO - Most Active Stocks

Table of active stocks in Tokyo with columns for stock name, price, and change.

NETHERLANDS

Table of active stocks in the Netherlands with columns for stock name, price, and change.



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Vertical text on the left margin: RATE, JOTTEN, ORD

4pm prices December 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes.

Continued on Page 27

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a detailed legend for symbols and abbreviations.

NASDAQ NATIONAL MARKET

3pm prices December 28

Table of NASDAQ National Market prices listing various stocks with columns for stock name, price, and change. Includes a detailed legend for symbols and abbreviations.

AMEX COMPOSITE PRICES

4pm prices December 28

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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AMERICA

Dow stagnates as signs of higher inflation hit bonds

Wall Street

EXTREMELY slow trading left most equities virtually unchanged on Wall Street yesterday in spite of a big drop in bond prices, writes Anatole Kozminski in New York.

throughout the day, so that the Treasury's benchmark long bond closed at 10 1/4, 1/4 down on the day. The bond yielded 7.98 per cent at this price.

explosion, but most other energy stocks were little changed. Airlines retreated in response to the higher oil prices, with AMR down 1/2 at \$69.

China brings Hong Kong some end-of-year cheer

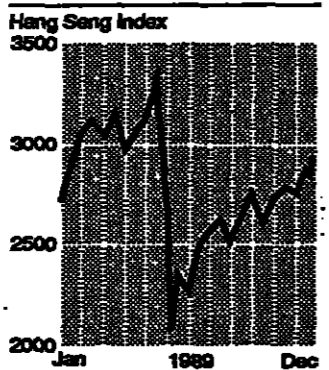
John Elliott on a change of pattern in the market

AT THE END of a year in which China had brought only bad news to Hong Kong's nervous stock market, the pattern changed with a Chinese initiative just before Christmas.

12.5 per cent of Cathay Pacific Airways, recently bought 26 per cent of the fledgling Dragonair Airlines and is now negotiating to enlarge that stake so that it has a significant vote in the airline's aviation business.

On the stock market, companies are continuing to cash in their low share values. Price earnings multiples are about 10, which is about half the ratings of other regional markets.

Hong Kong



which returns to China in 1993. It is also believed to be considerably overpriced.

A market boost is likely within a few months with news from the Hongkong and Shanghai Banking Corporation. The shares have been extremely active for the past three months since Mr William Purves, the chairman, revealed that he was considering publishing the bank's substantial hidden reserves.

Now, the news could help boost trading in the traditional rally period running up to Chinese New Year at the end of next month, when the troublesome year of the snake gives way to the more bland Year of the Horse.

That is the highest level since the June crisis in China brought the index tumbling from a high of 3,309.64 on May 15 to a low of 2,038.61 on June 5.

Politically, the colony is slowly emerging from the gloom of the summer, although a tough line to be adopted in the next couple of months by Peking over its post-1987 Basic Law may limit confidence. When the law is completed, however, it will remove some uncertainty, as will the eventual resolution of the UK Parliament's position on the issue of British passports.

ASIA PACIFIC

Nikkei breaks record after taking rate rise in stride

Tokyo

THE BANK of Japan's Christmas gift to the market - an increase in the official discount rate - left share prices free to leap into new territory, even if trading stayed thin, writes Michio Nakamoto in Tokyo.

Old Electric, second in volume with 19.5m shares traded, rose to Y1,940. Even Dai-ichi Industries, an industrial machinery maker which was previously found to have violated Cocom rules, gained Y90 to Y2,170 in active trading.

moderately active trading. The market focused on second and third line stocks, but there was some scattered interest in blue chips, described as mostly rotational buying, switching from one sector to another.

THE CLOSURE of most European markets for Boxing Day kept trading quiet in France and Spain.

Malaysian stocks such as Proton, which topped the most active list and closed 3.5 cents higher at 87.5 cents.

With substantial help from arbitrage buying, the Nikkei average put on 257.69 to a record high of 28,431, yesterday's strong gain on Monday of 333.25 to 28,463.65.

Special situations were pursued in Osaka, helping the OSE average rise 289.01 to 38,581.64. Volume rose to 92m shares from Monday's 55m.

TAIWAN, which saw its weighted index rise 207.96 on Saturday, rose another 266.68, or 3 per cent, to 9,145.38. It was closed on Monday for Constitution Day. Volume was 1.1bn shares from Monday's 1.2bn.

However, prospects for increased trade stemming from greater East-West contact continued to stir investors' imaginations. The focus yesterday was on companies that could benefit from a possible relax-

ation of Cocom restrictions on high-technology exports to communist countries.

SEUL saw active trading as the composite index lost 23.27 to 909.78 on the last trading day of 1989.

Chicago's Magic Kingdom cleans up its act

Deborah Hargreaves on changes taking place in the world's biggest futures markets



Tom Donovan (right) with Karsten Mahlmann, CFTC chairman: "The open outcry system is proven to be the best in the world"

IT IS a world of make believe, where money grows on trees, dreams become reality, a Disneyland for adults. This is how Mr Mark Ritchie, a long-time trader who heads Chicago Research & Trading, describes the city's futures exchanges in his autobiography, God in the Pits.

Trading started, but today it appears colourfully anachronistic. The value of honour on which open outcry is based has changed a lot since the system was born. Many veteran traders view with despair the fast and furious methods of their younger colleagues.

market user will be cheated now and again, customers have not shied away from futures. "My customers overseas are more concerned about the overall price protection they get from the markets than the quarter of a cent they will be ripped off here and there... they have incorporated that into the cost of doing business," says Mr Dan Markey, president of Agri Analysis in Chicago, who advises users in Australia and the Philippines.

In a bid to grasp the initiative, the exchanges have announced their own efforts to clean up their act. They are instituting tighter policing measures which were suggested by industry regulators years ago but overlooked by exchange hierarchies intoxicated with rapid growth.

As part of the debate on program trading that was resurrected by the "mini-crash" of October 13, futures markets have come in for a further round of finger-pointing. Chicago has been forced to defend the strategy against a bulk of hostile opinion since the New York Stock Exchange imposed wide restrictions on the practice.

first put in to track dual trading and are now useful surveillance tools. But the CFTC believes that some trading abuses are almost impossible to spot, even with the improved audit procedure.

Exchange officials herald the automated data input as a way to marry the computer with open outcry in a bid to preserve that archaic system of trading. "The open outcry system is proven to be the best in the world and this will make it more efficient by providing the confidence people need," believes Mr Tom Donovan, CFTC president.

Screen trading would provide a more accurate audit trail with the advantages of on-line clearing and settling trades. It would further eliminate out-trades and costly mistakes that traders resent having to pay for. However, it could throw up additional overhead problems such as computer security.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday December 22, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns for COUNTRY, £ STG, US \$, D-MARK, YEN (x100), and multiple columns for other currencies. It lists exchange rates for numerous countries including Australia, Canada, Europe, and Asia.

Special Drawing Rights December 21, 1989 United Kingdom £1.23332 United States \$1.20498 Germany West D-Mark 2.23631 Japan Yen107.456 European Currency Unit Rates Dec 22, 1989

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